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Gouvernement du Canada Pêches et Océans

GCCMS # 2016-012-00078 EKME #3569629

| То: | Matthew King | Date: | |
|---------|---|---------------------|--|
| Object: | SCENARIO NOTE FOR THE DEFENCE PROCUREMENT | | ER GOVERNANCE COMMITTEE – , FEBRUARY 5, 2016 |
| From: | Jeffery Hutchinson, Deputy Co | | and Shipbuilding FEB 0 4 2018 |
| Via: | Jody Thomas, Commissioner | FEB () 4 2016 | |
| | onal approval: Robert Wight, Director General Rosangela Guerra, Director, Bus | Major Projects | FEB 0 1 2016 |
| | Your Signature | х | Approval |
| | For Comments | | Material for the Minister |
| Remar | ks: | , | |
| | | | ng the Deputy Minister Governance trategy (DPS) on February 5, 2016. |
| Draftir | ng Officer: Catherine Walsh (998 | 3-8872) / RG/ df FE | B 0 1 2016 |





Pêches et Océans

Canada

Canadian Coast Guard

Garde côtière canadienne

Deputy Commissioner

Sous Commissaire

SECRET

Confidence of the Queen's Privy Council

FEB 0 4 2016

2016-012-00078

MEMORANDUM FOR THE COMMISSIONER

s.69(1)(g) re: (a)

SCENARIO NOTE FOR THE COMMISSIONER: GOVERNANCE COMMITTEE ON THE DEFENCE PROCUREMENT STRATEGY, FEBRUARY 5, 2016

SUMMARY

A scenario note (Tab A) and an agenda (Tab B) for the meeting of the Deputy Minister Governance Committee (DMGC) for the Defence Procurement Strategy (DPS) are attached.

Meeting materials are also attached (Tabs 1 to 7).

The meeting will be held on Friday, February 5, 2016 from 2:00 pm to 4:30 pm, at Place du Portage, Phase 3, Tower A, 17A1 (Michael G. Nurse boardroom).

Attachments

Tab A - Scenario Note

Tab B - Agenda

Tabs 1 - 7 – meeting materials

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s.69(1)(g) re: (a)

TAB A – SCENARIO NOTE

Governance Committee on the Defence Procurement Strategy, February 5, 2016

Overview

The Deputy Minister Governance Committee (DMGC) for the Defence Procurement Strategy (DPS) and the National Shipbuilding Procurement Strategy (NSPS) will meet on Friday, February 5, 2016. The agenda is as follows:

- Opening Remarks and Approval of the Summary of Discussion
 - The last special DMGC meeting was held on January 21, 2016
 - Summary of Discussion is attached (Tab 1)
- DMGC Tracking Chart Highlights (Tab 6)
- Roundtable and Closing Remarks

Information and key messages are provided below for items related to the Canadian Coast Guard procurements.

2016-012-00078-Scenario Note for the DM: Governance Committee on Defence Procurement Strategy, February 5, 2016 Catherine Walsh, Policy Advisor (998-8872) /JA / RG / RW / cw

Pages 4 to / à 7 are withheld pursuant to section sont retenues en vertu de l'article

69(1)(g) re: (a)

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| s.15(1)(I.A.) | | |
|----------------------------------|--|-------------------------------|
| s.21(1)(a) | | |
| s.21(1)(b) s.69(1)(g) re: (a) | Issue: DMGC Tracking Chart and Forward Planning Agend | <u>la</u> |
| s.09(1)(g) 1e. (a) | | |
| • | | |
| | | The item is now scheduled for |
| · | May 2016. | The item is now scheduled for |
| | Objective | |
| | Advise that this item is scheduled to be presented to DM | GC in May 2016. |
| | Key Messages | |
| | | |
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| | | |
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Defence Procurement Strategy

Stratégie d'approvisionnement en matière de défense

DEPUTY MINISTER GOVERNANCE COMMITTEE

Friday, February 5, 2016
2:00 p.m. – 4:30 p.m.
Place du Portage, Phase 3, Tower A, 17A1
Michael G. Nurse boardroom

s.69(1)(g) re: (a)

AGENDA

| | Timing | Agenda item / Documents in Italics | Purpose | OPI |
|---|-------------------------|--|-------------|--|
| 1 | 2:00 – 2:05 (5 min) | Opening Remarks and Approval of the Summaries of Discussion • Summary of Discussion – November 27, 2015 • Summary of Discussion – January 21, 2016 | Decision | Sponsor DM: G. Da Pont |
| 2 | 2:05 – 3:05 (60 min) | | Decision | Sponsor DM: G. Da Pont Presenter: C. Webster |
| 3 | 3:05 – 3:30 (25 min) | | Decision | Sponsor DM: M. King Presenter: J. Hutchinson |
| 4 | 3:30 — 3:55 (25 min) | | Decision | Sponsor DM: M. King Presenter: J. Hutchinson |
| 5 | 3:55 – 4:20 (25 min) | | Decision | Sponsor DM: G. Da Pont Presenters: M. Crawley |
| 6 | 4:20 – 4:25 (5 min) | DMGC Tracking Chart – Highlights • DMGC Tracking Chart | Information | Sponsor DM: G. Da Pont Presenter: C. McColgan |
| 7 | 4:25 – 4:30 (5 min) | Roundtable and Closing Remarks | Information | Sponsor DM: G. Da Pont |

To: 19 Package: 22

Delivered on: 02/02/2016

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To: 19
Package: 22
Delivered on : 02/02/2016

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Defence Procurement Strategy (DPS) Special Deputy Minister Governance Committee (DMGC) Summary of Discussion (SOD), Meeting of November 27, 2015

1. Opening Remarks

 The Chair welcomed members and provided a summary of their recent discussion with Hitachi Consulting regarding the status of the review of NSPS governance.

2. Initial Requirements Reconciliation

- DND opened the discussion by noting that this would be the first of several engagements with the committee on the Canadian Surface Combatant (CSC), and highlighted the need to have detailed discussions on several key topics before approaching Ministers on upcoming decisions.
- Members were updated on the status of the project, with discussion focused on the recent completion of the Initial Requirements Reconciliation (IRR) exercise. The objectives of the exercise and the roles of third-party experts in the process were highlighted. It was noted that the completion of this work was a significant milestone in the multi-year definition phase of the project.
- It was also noted that while findings from the exercise have informed changes to the requirements, many decisions were still needed on specifications. Members were also cautioned of the need to build flexibility into the core design at the beginning as it would not be possible to add it later.
- Members inquired about how the IRR considered developmental technology. It was noted that the exercise limited potential capabilities to those that already exist, or would exist, to ensure that any developmental capabilities were limited in their overall effect on cost and ship performance. The fact that systems will change over time, including throughout the construction of the vessels, was noted.
- The committee also discussed when the number of ships that could be acquired would be known, and when updated cost estimates would be available. Members were informed that costing work was underway, and discussed how Ministers would be provided with the updated information. The risk associated with presenting Ministers with incomplete or interim information was also stressed.
- Members also noted the pause in the procurement to allow for additional analysis of how the IRR results could potentially be reflected in the

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procurement strategy. The Chair asked DND to share the key messages related to the pause with members.

- Following the discussion, a series of follow-up briefings were proposed and agreed-to by members.

Action Items:

- > DPS Secretariat to schedule briefings for DMGC on:
 - Overview of defence policy and Royal Canadian Navy missions (i.e., unpacking of slides 10/11)
 - ➤ Cost and risk opportunities identified through initial requirements reconciliation process (i.e., unpacking of slides 14/15)
 - > Presentation by the Chair of the Independent Review Panel for Defence Acquisition
 - > Results of procurement options analysis
 - Briefing for Ministers on options
- > DND also agreed to arrange a workshop on costing related to CSC with AT Kearney, DND's Chief Financial Officer, and Central Agencies
- > DND to share key messages related to the pause in the CSC procurement with members.

3. Roundtable and Closing Remarks

- The Chair noted for members that additional security measures would be implemented for committee operations, including further limitation of document distribution and meeting attendance. The Executive Director (DPS Secretariat) was directed to bring forward an overview of these measures to the committee for review.
- The Chair also noted the request for a "Procurement 101" briefing for Ministers, and designated ADM (Acquisitions) as the lead for development of material, in collaboration with DND and ISED.

Action Items

- > Executive Director (DPS Secretariat) to develop security protocol relating to DPS committee operations and bring forward to the committee.
- > ADM (Acquisitions), PSPC to lead drafting of "Procurement 101" deck, in collaboration with DND and ISED.

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Attendance - November 27, 2015

| 20000 | | | | | | | |
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Public Services and Procurement Canada

Mr. George Da Pont (Chair)

Deputy Minister

National Defence

Mr. John Forster

Deputy Minister

Innovation, Science and Economic Development

Mr. John Knubley

Deputy Minister

Fisheries and Oceans

Ms. Jody Thomas for Mr. Matthew King

Commissioner, Canadian Coast Guard

Global Affairs

Mr. Cameron MacKay for Ms. Christine Hogan

Director General, Trade Sectors

Ex Officio Members

Mr. lan Burney for Mr. Les Linklater

Assistant Secretary to the Cabinet, Privy Council Office

Mr. Alexis Conrad for Mr. lain Stewart

Executive Director, Treasury Board Secretariat

Ms. Ailish Campbell for Mr. Paul Rochon

General Director, Finance Canada

National Defence:

Mr. Pat Finn, Assistant Deputy Minister (Materiel)

VAdm Mark Norman, Commander, Royal Canadian Navy

Cmdre Arthur McDonald, Director General, Naval Force Development

Capt(N) Brian Costello, Director, Naval Major Crown Projects

Mr. Ian Mack, Director General, Major Project Delivery (Sea)

Fisheries and Oceans Canada

Mr. Jeffery Hutchinson, Deputy Commissioner, Strategy and Shipbuilding

Privy Council Office

Mr. Nicolas Erdody, Analyst, Economic and Regional Development Policy

Innovation, Science and Economic Development

Ms. Kelly Gillis, Associate Deputy Minister

Mr. Jeff Waring, Senior Director, Industrial and Technological Benefits

Global Affairs Canada

Mr. Nathan Lysons, Trade Commissioner, Defence and Security

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Public Service and Procurement Canada:

Mr. Gavin Liddy, Associate Deputy Minister

Mr. Scott Leslie, Director General, Marine Sector

Ms. Jessica Wright, Strategic Advisor, Deputy Minister's Office

Mr. Charles McColgan, Executive Director, Defence Procurement Strategy Secretariat

Mr. John Gorrie, Director, Defence Procurement Strategy Secretariat

Ms. Michelle Cousineau, A/Director, Defence Procurement Strategy Secretariat

Mr. Andrew Laing, Policy Analyst, Defence Procurement Strategy Secretariat (note taker)

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To: 19 Package: 22 Delivered on : 02/02/2016

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Defence Procurement Strategy (DPS) Special Deputy Minister Governance Committee (DMGC) Summary of Discussion (SOD), Meeting of January 21, 2016

1. Opening Remarks

 The Chair welcomed members and other guests, including the Chair of the Independent Review Panel for Defence Acquisition. Approval of the Summary of Discussion from the meeting of January 14, 2016 was postponed to the end of the agenda pending the arrival of remaining members.

2. CSC Requirements - Unpacking Slides 14 & 15

- The Royal Canadian Navy (RCN) began the briefing by reiterating objectives of the Initial Requirements Reconciliation (IRR) process and the outcomes from prior DMGC briefings on November 27 and December 17, 2015. It was emphasized that while the completion of the IRR exercise was a significant milestone, work on refining requirements would continue throughout the remainder of the project's definition phase. It was also noted that while cost-capability trade-offs were being made as a result of the IRR exercise, these trade-offs would not be sufficient to eliminate concerns related to the existing budget.
- A handout that provided additional detail on the thirteen cost/risk opportunity drivers identified through the IRR exercise and resulting recommendations was distributed.
- Using this handout, the RCN presented each driver and outlined the corresponding key considerations and rationale for the decision to either accept the recommendation, maintain the initial requirement, or undertake further study.
- Two drivers ("cooperative engagement capability" and ship speed) were highlighted during the presentation as requiring additional analysis before a decision can be made on these requirements. As well, the decision related to "variants" may deviate from existing government direction and may need to be reconciled at an appropriate time.
- The Committee inquired whether there were differences in the materiality of potential savings associated with the thirteen drivers. The RCN confirmed there were differences. It was explained that any description of this materiality would be in rough-order-of-magnitude terms due to the complexity associated with separating costs out at the individual capability/system level, as well as the current level of cost estimate fidelity.

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Members recommended that future briefings to DMGC or Ministers should include this additional level of detail on the cost-capability trade-offs associated with each driver to help decision-makers understand the context and implications of each decision.

- A member inquired whether there were other potential areas of cost savings that were not presented because the corresponding operational risks were considered too high. The RCN confirmed that there were no additional major cost/risk opportunity drivers. It was noted that additional cost savings may be found as the final Statement of Requirements (SOR) is translated into detailed specifications through discussions with the shipyard.
- A member inquired whether the revised SOR represented an achievable configuration of capabilities. The RCN confirmed that the IRR exercise was based on achievable capabilities.
- The RCN concluded by noting that as a result of the IRR exercise, they now had sufficient confidence in the revised SOR to be used as the basis for programmatic decisions.

Action Items:

> NIL

3. <u>CSC Summary of Findings by the Independent Review Panel for Defence Acquisition (IRPDA)</u>

Note: Due to the nature of the Panel's recommendations (i.e., advice to a Minister) and the security classification of the document supporting this item, this Summary does not include all details raised during the discussion.

- A handout that provided a summary of the Panel's key conclusions was distributed. The Chair of the IRPDA provided an overview of the process through which it reviewed the IRR exercise as well as observations related to the Panel's findings, which reflected the conclusions of all Panel members.
- Members discussed the costing information developed in support of the IRR exercise. It was emphasized that the information was developed with a level of rigour appropriate to the context in which it was prepared, but that the interpretation of the information must be done with a high degree of caution. This is due to the fact that the costing was done based on theoretical combinations of capabilities. It had also not yet been validated by DND's Chief Financial Officer.

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- It was noted that the work underway to update costing information and analyze fleet mix options will produce important information for Ministers.
- A member inquired when the Panel would be re-engaged on CSC. The Chair of the IRPDA noted the Panel's openness to be engaged throughout the process and DND highlighted that the Panel would be engaged in the next phase of requirements reconciliation.
- A member inquired about the role of DMGC as it relates to the revision of the SOR. It was emphasized that requirements are the responsibility of the Minister of National Defence. The Chair of DMGC highlighted that DMGC would continue to be briefed on the evolution of the requirements as part of its role in reviewing items being put forward for Ministers. It was also noted that DMGC would be engaged on the next major item for the CSC project in the Fall.
- The Chair concluded this item by providing a summary of the key conclusions of the RCN and IRPDA presentations:
 - The IRR exercise has identified some cost-capability trade-offs, but not enough to reconcile concerns with the ability of the project to deliver the required capability within the existing budget;
 - There are real-world examples of vessels that could, with modification, meet the revised High Level Mandatory Requirements;
 - There was a need to provide a sense of the materiality of the savings resulting from the IRR exercise;
 - o The IRPDA was satisfied with the IRR exercise; and,
 - Work remains on revising cost estimates and analyzing the appropriate fleet size.

Action Items:

> NIL

4. Roundtable and Closing Remarks

- The Chair asked members for comments on the summary of discussion (SOD) from the meeting of January 14, 2016, highlighting in particular the level of detail.
- A member asked how the CCG had undertaking requirements reconciliation work, and what information would be brought forward to DMGC. The CCG noted that they will explain what work has been done on their advanced projects (OOSV & Polar), and that they are exploring options for their longer-term projects (OPV & MEMTV).

Decision

➤ The SOD from January 14, 2016 DMGC meeting was approved.

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Attendance - January 21, 2016

Regular Members

Public Services and Procurement Canada

Mr. Gavin Liddy (Chair) for Mr. George Da Pont

Associate Deputy Minister

National Defence

Mr. John Turner for Mr. John Forster

Associate Deputy Minister

Innovation, Science and Economic Development

Mr. John Knubley

Deputy Minister

Fisheries and Oceans

Ms. Jody Thomas for Mr. Matthew King

Commissioner, Canadian Coast Guard

Global Affairs

No member available

Ex Officio Members

Mr. lan Burney for Mr. Les Linklater

Assistant Secretary to the Cabinet, Privy Council Office

Mr. lain Stewart

Associate Secretary, Treasury Board Secretariat

Ms. Marta Morgan for Mr. Paul Rochon

Associate Deputy Minister, Finance Canada

Independent Review Panel for Defence Acquisition

Mr. Larry Murray, Chair

Ms. Mollie Royds, Executive Director (Independent Review Panel for Defence Acquisition Office)

National Defence:

Mr. Pat Finn, Assistant Deputy Minister (Materiel)

Mr. Ian Mack, Director General, Major Project Delivery (Sea)

VAdm Mark Norman, Commander, Royal Canadian Navy

Cmdre Michael Wood, Project Manager (Canadian Surface Combatant)

Capt(N) Brian Costello, Director (Naval Major Crown Projects)

Fisheries and Oceans Canada

Mr. Jeffery Hutchinson, Deputy Commissioner (Strategy and Shipbuilding)

Treasury Board Secretariat

Ms. Nancy Chahwan, Assistant Secretary (Government Operations Sector)

Innovation, Science and Economic Development

Mr. Phil Jennings, Assistant Deputy Minister (Industry Sector)

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Public Service and Procurement Canada:

Ms. Jessica Wright, Strategic Advisor (Deputy Minister's Office)

Ms. Lisa Campbell, Assistant Deputy Minister (Defence Procurement)

Mr. Scott Leslie, Director General (Marine Sector)

Mr. Craig Webster, Director (Canadian Surface Combatant)

Mr. Charles McColgan, Executive Director (Defence Procurement Strategy Secretariat)

Mr. John Gorrie, Director (Defence Procurement Strategy Secretariat)

Ms. Michelle Cousineau, A/Director (Defence Procurement Strategy Secretariat)

Ms. Heather Kemp de Escalante, Senior Director (Defence Procurement Strategy Secretariat)

Ms. Catherine Milot, Junior Policy Analyst (Defence Procurement Strategy Secretariat)

Note Taker: Mr. Andrew Laing, Policy Analyst (Defence Procurement Strategy Secretariat)

Pages 19 to / à 103 are withheld pursuant to section sont retenues en vertu de l'article

69(1)(g) re: (a)

of the Access to Information Act de la Loi sur l'accès à l'information

s.21(1)(a) s.21(1)(b)

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

Defence Procurement Strategy

Stratégie d'approvisionnement en matière de défense

Status of Action Items Requested by the Deputy Minister Governance Committee

| | | | | | | | - | > |
|--------------|---|--------------|--------------|--------------|--------------|--------------|---|--|
| Status | In progress. | In progress. | In progress. | In progress. | In progress. | In progress. | | Completed. |
| Action Items | 68. Members are to inform their respective Ministers on the intent of the PSPC Minister to announce the selection of the expert advisor for the National Shipbuilding Procurement Strategy. | | | | | | | 62.ADM (Defence Procurement) to adjust introduction to defence procurement presentation. |
| Agenda Item | Opening Remarks and Introduction of Shipbuilding Advisor | | | | | - de | | Canadian Surface Combatant |
| Committee | | DMGC | 2 | | | | | DMGC December 17, 2015 |

Package: 22 Delivered on : 02/02/2016 To: 19

Updated: 1 February 2016

s.21(1)(b)

| Committee | Agenda Item | Action Items | Status | |
|----------------------|--|--|---|-------------|
| DMGC November 19. | NSPS Governance – Third Party Review | 61. The draft NSPS Governance Review report is to be circulated to members. This item was confirmed on the forward planning agenda for December DMGC. | Completed. Final report received December 18. | > |
| ÷ | CF-18 Replacement | 60. DND to update the presentation the week of November 30th in light of comments received from members. | Completed. | > |
| | Shipbuilding Advisor | 59.Proceed with plans to hire a shipbuilding expert in December. | Completed. Mr. Steven Brunton is under contract. | > |
| | Project Status Report | 58. | In progress. Scheduled for April/May DMGC meeting. | 0 |
| | | | | |
| | | Industrial Benefits 57. Industry Canada to incorporate suggestions made in a revised Deck. | Completed. | > |
| | Clerk Discussion NSPS | 56. DPSS to incorporate elements of the Industrial Benefits deck (e.g. slides 6-7) into the NSPS Storyline. | Completed. | > |
| DMGC | | NSPS Storyline 55. DPSS to ensure alignment of the storyline with the transition advice prepared for Ministers, prepare a condensed version of the NSPS Storyline deck for the end of October 2015, and share a draft with members in advance for comment. | Completed. | ` |
| | Defence Analytics Capability - Update | 54. Industry Canada to return to DMGC after a contract is awarded to brief on work to be carried out by the contractor. | Pending. ISED briefed ADMC on Nov. 3, 2015, but has not yet gone back to DMGC. DPSS is looking at possibility of an information brief to ADMC in February/DMGC in March. | |
| | | | | |

2 Updated: 1 February 2016

s.15(1)(I.A.) s.21(1)(a) s.21(1)(b) s.69(1)(g) re: (a)

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|--------------|--|--|--|------------------------|---|---|---|--|--|
| Status | In progress Updated Plan for briefing to Ministers required, | In progress Scheduled for May DMGC meeting. | | Completed. | Completed. | New version of the Executive Summary includes in the footer of each page the warning: "Draft for discussion NOT for distribution. | Completed. | In progress. | Completed. |
| Action Items | 53.A briefing on the anticipated gap in the schedule and the how various components of the CSC project are progressing to be ready for Ministers in November 2015. | 52 | And the second s | 51. | 50. DPSS to review the security classification that could be or should be assigned to the Executive Summary and Project Dashboards. | | 49. DPSS to incorporate issues brought to light as part of the discussion on "Options for Buying OOSV Design" to the NSPS Storyline, which is being developed to provide transition advice to Government later this year. | 48. CCG to look into establishing an independent third-party challenge function for the OOSV and for other major CCG projects similar to the IRPDA established by DND. | 47.DPSS to circulate the package that is to be sent to PCO as documents are ready, and by no later than Friday, October 2, ahead of the proposed October 5 teleconference discussion by DMs. |
| Agenda Item | Projects Status Report | | | Project Status Reports | | | NSPS – Options for Buying | | NSPS Update – Workplan |
| Committee | | | | | | DMGC September 24, | 2015 | d | |

| | > | > | 0 | \ | > | > | | > | > | > |
|--------------|--|---|---|---|--|---|--|--|---|--|
| Status | Completed. | Completed. | In progress. Date for ADM/DM consideration TBD. | Completed. | Completed. | Completed. | In progress - KPMG presented at August 26 DMGC - SPAR to present to present at February 5 DMGC FMI may return to brief on target state assessments and shipyard presence in late 2015/early Winter | Completed. | Completed. | Completed. |
| Action Items | 46. DPSS to circulate the current version of the MTP Military Procurement paper to DMGC members. | 45. DPSS to lead the development of a Storyline on NSPS costing. TB and Finance to lead on budgeting. Due December 2015. | 44. MS to lead the development of a Program of Work Approach for the non-combat package and in particular, the CCG fleet Renewal due December 2015. | 43.DPSS to work with partner departments to develop a workplan to manage these two pieces of work to be presented at ADMC and DMGC in September 2015. | 42. Although not specifically requested, DPSS will include a legend on the meaning of the three colour used in the Executive Summary for the Sep DMGC. | 41. DPSS to provide an interim dashboard at August DMGC with a final dashboard provided for September's DMGC. | 40. Have the following 3rd party experts brief DMGC on work they are doing to support NSPS: | 39. Create a list of all 3 rd party reviews underway or anticipated. | 38. Create a schedule of upcoming meetings with the Clerk, including issues to be discussed, to facilitate forward planning and document development. | 37.In advance of August 28 meeting with Clerk: |
| Agenda Item | Roundtable | | NSPS | | Governance – Project Status Reporting and Monitoring | Opening Remarks | Presentation by First Marine International | The state of the s | NSPS | |
| Committee | | | O MGC | August 26, 2015 | | | DMGC July 30, 2015 | | | |

Updated: 1 February 2016

Updated: 1 February 2016

| 28. To ensure more strategic analysis is provided on defence procurements, conduct assessment of analytical capacity. Should include: o government wide capacity o departmental capacity o inventory of contracted support – Marine 27. Identify benchmarks to evaluate cost and competitiveness for cost benefit analysis being transmortal capacity. Should be proposal to augment federal presence at the shipyards (to include a single senior official to manage the Canada. 28. Conduct an assessment of where additional expertise may be required to support NSPS work 29. Investigate the use of femplate contracts to standardize contract. To be addressed via item #45. 29. Shorting outcomes of the review of analytical capacity, on-site execution of projects 29. Pending outcomes of the review of analytical capacity, on-site presence and DPSS capacity, build a Business Case (to be discussed with DM) 29. The Defence Procurement Strategy implementation letter to be distributed to Members once an updated version is available. 21. CSC: DND/PWGSC to revise presentation for the Working Group of Ministers and re-circulate to members by end of day June 11. | | | • | > | ` | > | • | | > | |
|--|-------|--|---|--|--|--|---|--|---|---|
| | Claus | Completed. | In progress • Performance measurement framework, including measures for cost benefit analysis being developed. | Completed, | Completed. | Completed. | To be addressed via Item #45. | In progress Requirements for additional capacity and training being validated; return to DMGC for an update December 2015. | Decision was made not to send the letter. | |
| | | is provided on malytical capacity ort – Marine | | Establish the interim DAI on RFP package | NSPS capacity 26. Develop proposal to augment federal presence at the shipyards (to include a single senior official to manage the Canada-Shipyard relationship at each yard) | 25. Conduct an assessment of where additional expertise may be required to support NSPS work | 24. Investigate the use of template contracts to standardize contract Ts and Cs – to shorten negotiations and facilitate on-time execution of projects | 23. Pending outcomes of the review of analytical capacity, on-site presence and DPSS capacity, build a Business Case (to be discussed with DM) | | 21. CSC: DND/PWGSC to revise presentation for the Working Group of Ministers and re-circulate to members by end of day June 11. |
| | | | | | | | | | ogwa | June 11, 2015 |

Updated: 1 February 2016

| | > | > | > | > | 0 | > | > | > |
|-----------------------|---|--|---|---|---|---|---|---|
| Status | Completed. | Completed | Completed. | Completed. | In progress. SPAR scheduled to present to DMGC February 5, 2016. | Completed. Overtaken by efforts of TBS/FIN/PCO regarding costing and budgeting | Completed. | Completed. |
| Action Items | Document is to provide appropriate background linking the recommendations to the approved procurement strategy; information on the proposed role of Irving Shipbuilding and how this compares to the traditional role of a prime contractor; relevant next steps; and a proposed communications approach with key messages. | 20. CSC: Presentation is also to include an annex that presents the initial findings of the AT Kearney and SPA reports on preliminary requirements and any related next steps. DND/PWGSC to consult Irving Shipbuilding on this annex prior to distribution to Ministers to ensure material complies with Irving Shipbuilding's obligations under United States International Traffic in Arms Regulations. | 19. PWGSC to engage DMGC Members on the recommended procurement approach prior with respect to governance review. | 18.CCG to prepare one slide on project status for briefing the Working Group of Ministers. Slide to note status of Treasury Board approval, third-party oversight and build contract. | 17. Secretariat to add discussion of lessons learned from OFSV project to ADMC and DMGC forward agenda. | 16. Provide an update to DPS Governance on the KPMG-led report focusing on an NSPS costing reporting framework. | 15.PWGSC to initiate meeting between PWGSC and IC Ministers' Offices on potential approaches. | 14. DND to provide suggested wording to define when reporting requirements as outlined in draft Stakeholder Engagement Protocol would be triggered (e.g., seniority of meeting attendees; significance of issues) by June 17, 2015. |
| Committee Agenda Item | | | | | | | Defence Analytics Capacity | Industry Engagement |

s.69(1)(g) re: (a) s.69(1)(g) re: (d)

| | \ | > | > | 0 | > | > | > | > | > | > | > | > |
|--------------|---|---|------|--|---|--|---|---|--|--|---|--|
| Status | Completed. | Completed. | | In progress. Same as 45. | | Completed. | Completed. | Completed. | Completed. | Completed. | Completed. | Completed. |
| Action Items | 13. Secretariat to propose revised Protocol to ADMC at a future date. | 12. NSPS to incorporate DMGC comments and circulate revised version of NSPS governance review Terms of Reference to DMGC members for information. Secretariat to share revised version with PWGSC and TB Ministers' Offices for comments. | | 10.MS to lead the development of a Program of Work Approach for the non-combat package and in particular, the CCG fleet Renewal due December 2015. | | 8. TBS to provide comments to DND on the "Implementation Schedule" document circulated at the meeting. | 7. Secretariat to refine document to reflect DM comments. | Updated document to be discussed by ADMC on April 8, 2015 and return to DMGC on April 28, 2015. | Secretariat and DND to develop proposal for a monitoring dashboard for initial discussion at ADMC. | Secretariat to revise document to clarify policy-related responsibilities. | Updated document to be discussed by ADMC on April 8, 2015 and return to DMGC on April 28, 2015. | 2. PWGSC to draft, and circulate to members, proposed Terms of Reference for a governance review focused on an assessment of current structure and recommendations for improvement |
| Agenda Item | | | NSPS | | | | UND Delegated Authority | | ` | | DPS Secretariat | NSPS Governance Review |
| Committee | | | | | |)) E | April 28, 2015 | | | | | |

8 Updated: 1 February 2016

| | | ead the development of a Program of Work Approach for In progress. -combat package and in particular, the CCG fleet Same as 45. |
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Legend:

Task completed successfully.
Work progressing on schedule and within scope.

○ : Work facing potential delays and/or issues.
○ : Work facing high risk for significant delay or issues.
× : Task not completed as overtaken by events.

Pêches et Océans Canada

Approved by ADM

Docket #: 2017-009-00134 Security Classification: SECRET

SCENARIO NOTE

DEPUTY MINISTERS GOVERNANCE COMMITTEE MEETING – DEFENCE PROCUREMENT STRATEGY - MARCH 10, 2017

Overview

This scenario note is provided for the Deputy Ministers Governance Committee (DMGC) meeting, and the in-camera session scheduled beforehand, to take place on March 10, 2017.

A - In Camera Meeting - Core Deputy Ministers Discussion

Core DMGC members (not central agencies or Global Affairs Canada) will participate in an incamera discussion with Mr. Steve Brunton, Independent Expert Advisor on Shipbuilding. This discussion is scheduled for Friday, March 10, 2017, from 8:30 a.m. to 9:15 a.m., at Place du Portage, Phase 3, Tower A, 17A1 (Michael G. Nurse boardroom).

An agenda is included (Tab A).

B - DMGC Meeting

The regular DMGC meeting will be held from 9:15am to 11:15am, in the same location. Meeting materials are provided (Tab B). The agenda for this meeting is as follows:

- 1. Opening Remarks and Approval of the Summary of Discussion
 - > Document provided (Tab 1)
- 2. Master Schedule
 - Document provided (Tab 2)
- 3. Supplier Engagement Strategy Future Fighter Capability
 - > For decision
 - > Document provided (Tab 3)
- 4. Economic Impacts of the Industrial and Technological Benefits Policy
 - > For decision
 - > Document provided (Tab 4)
- 5. National Shipbuilding Strategy Risk Management Process
 - > For decision
 - > Document provided (Tab 5)
- 6. DPS Project Status Report
 - > Document provided (Tab 6)

| 7. | Update | on Consolidation of Vanco | ouver Shipyards Program Proposal |
|----|--------|---------------------------|----------------------------------|
| | > | For information | |
| | · 🗡 | Verbal update | s.21(1)(a) |
| 8. | | | s.21(1)(b) |
| • | | (Tab 8) | s.69(1)(g) re: (a) |
| 9. | DPS G | overnance | |

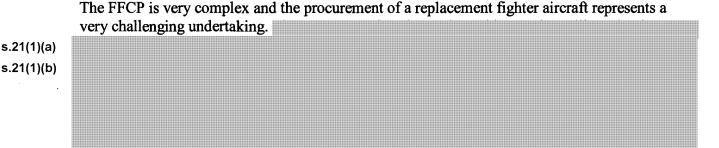
- > For information
- Document provided (Tab 9)
- 10. Roundtable and Closing Remarks

Details and key messages are provided for issues that may be raised at the meetings.

1. Supplier Engagement Strategy - Future Fighter Capability (Tab 3)

The Future Fighter Capability project (FFCP) is seeking to acquire a permanent replacement fighter aircraft fleet and associated in-service support through an open and transparent competition, resulting in the right aircraft at the right price that provides economic benefits to Canada.

The FFCP is expected to seek input from foreign government agencies, original equipment manufacturers, and Canadian industry to ensure an efficient, open and transparent competition process. Canada will also provide opportunities for bidders to offer feedback on draft bid solicitation documents to maximize competition and chances of a successful procurement.



Public Services and Procurement Canada is seeking DMGC approval of their suggested approach for supplier engagement, which will be presented to you during the meeting. The FFCP will be returning to DMGC at a future date to provide further updates on how Canada aims to implement the FFCP.

Objectives:

- Learn about the project objectives, risks, issues and status of the FFCP;
- Provide your endorsement of the supplier engagement approach presented by PSPC.

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s.21(1)(a) s.21(1)(b) s.69(1)(g) re: (a)

Key Messages:

- The FFC Project is a very complex undertaking. It will be important to ensure proper expectations' management and communications around this project.
- Are there any lessons or strategies that can be learned from other countries that are in the process of procuring new fighters for their respective fleets?

2. Economic Impacts of the Industrial and Technological Benefits Policy (Tab 4)

The purpose of this presentation is to provide both an update on the benefits secured under Canada's industrial offset regime for defence procurement (overall and during the past year) as well as an overview of key initiatives and context for future decisions.

Canada formalized its Industrial and Technological Benefits (ITB) policy in 1986, which requires defence contractors to invest in Canada equal to the value of their contract. Investments may be directly related to the procurement or indirectly benefit any sector of the economy. Since this policy was implemented, Canada has seen growth in its economy and various manufacturing and service industries across the country, increasing partnerships with small and medium sized enterprises, and support for innovation.

The ITB policy was updated in 2014. Defence contracts are now awarded based on each bidder's

| economic commitment to Canada, as described in their Value Proposition, alongside price and technical merit. There has been strong evidence that the Value Proposition is working (more commitments to Research and Development investments, more Canadian equipment and services used to support Canada's military fleets, etc). | | | | | |
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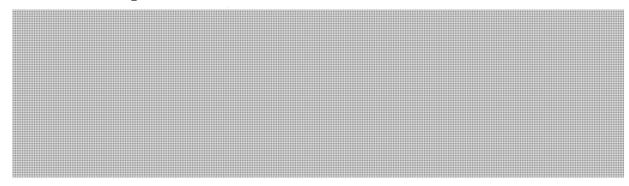
| Key Messages: |
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| |
| • The ITB Policy, Including Value Proposition, seems to be a powerful tool to benefit small and medium sized enterprises in Canada. The continued expansion of the marine sector should provide strong growth potential for these enterprises across the country. |
| 3. National Shipbuilding Strategy Risk Management Process (Tab 5) |
| In fall 2016, the National Shipbuilding Strategy (NSS) Program Management Office began rebuilding the risk management processes that were developed in 2014. This exercise emerged as a result of senior management interest and concern that more consideration of risks should be taken at the Deputy Minister (DM) level. |
| |
| In December, a new Risk Management Framework was approved at the Director General (DG) level that details a new approach to risk management, including new processes, integration with governance, a matrix detailing the level of responsibility, and risk level considerations. Director Generals also approved the Terms of Reference for a NSS Risk Management Board, which is the second major part of the new approach to risk management. |
| |

Risks will be reported to ADMC and DMGC on a quarterly basis, unless a risk needs immediate management actions, in which case the risk will be raised at the next monthly ADMC and/or DMGC meeting. The role for DMs will be to review and challenge program and strategy-level risks and risk management on a quarterly basis, and take risk management actions, champion, and coordinate risk management actions on an as-needed basis.

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Key Messages:

| • | I support these initiatives to improve how we respond to and mitigate |
|---|---|
| | program risks. This process looks sound and follows the standards for |
| | risk management. |



4. DPS Project Status Report (Tab 6)

Executive Summary

The Executive Summary includes details on key issues and risks for the combat and non-combat programs of work. Details and key messages are included for projects at Vancouver Shipyards (VSY):

1. Break in Production (Gap)

This conversation will be a pre-cursor to a more fulsome discussion at a special DMGC meeting currently scheduled for the end of March.

| Cumulative delays in engineering preparation for | or the Offshore Oceanographic Science Vessel |
|--|--|
| (OOSV) have delayed its start of construction. | |
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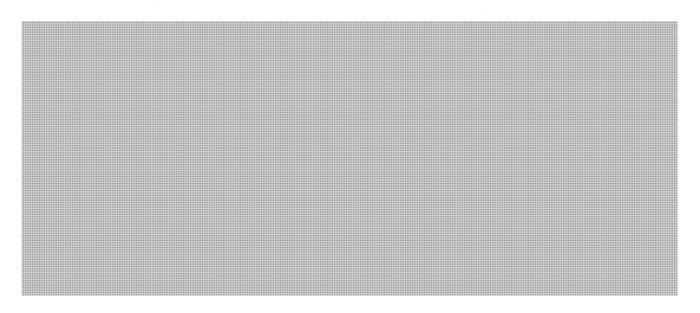
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21(1)(b), 20(1)(c), 21(1)(a), 69(1)(g) re: (a)

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5. Update on Consolidation of Vancouver Shipyards Program Proposal (Tab 7)

This will be a verbal update from PSPC regarding an item that was raised during the meeting with the shipyards in January 2017. During the shipyard meeting, VSY discussed the need to rationalize the amount of work proposals they are working through with Canada. There is currently over a hundred such proposals and work needs to be done to reduce them to a more manageable number. The verbal update will consist of a progress update and a plan forward.

Objective

 Receive an update on how the consolidation of Vancouver Shipyards program proposal is progressing.

Work processes must be attacked and leaned at every opportunity. We are

Key Messages

| trying to b | uild an efficien | it shipbuilding | g relationship | with the yard | • |
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• To note – the Icebreaker RFI feedback quoted us designed, built and delivered vessels in 2-3 years...

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Stratégie d'approvisionnement en matière de défense

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PLEASE NOTE NO ELECTRONIC DEVICES ARE PERMITTED - LOCKERS ARE AVAILABLE OUTSIDE THE MEETING ROOM

DEPUTY MINISTER GOVERNANCE COMMITTEE

Friday, March 10, 2017

In Camera Session: (Core DM's - PSPC, DND, ISED, DFO/CCG) 8:30 AM - 9:15 AM Regular Meeting: 9:15 AM - 11:15 AM

Place du Portage, Phase 3, Tower A, 17A1 Michael G. Nurse Boardroom

AGENDA

| # | Timing | Agenda item / Supporting documents in italics | Purpose | OPI |
|---|---------------------------|--|-------------|---|
| 1 | 9:15 - 9:20 (5 min) | Opening Remarks and Approval of Summary of Discussion • Summary of Discussion – February 10, 2017 | Decision | Sponsor DM(s): M. Lemay |
| 2 | 9:20 – 9:30 (10 min) | Master Schedule Change Register (2-pager document) Master Schedule | Oversight | Sponsor DM(s): M. Lemay Presenter(s): C. McColgan |
| 3 | 9:30 — 9:45 (15 min) | Future Fighter Capability Project (FFCP) - Supplier Engagement Strategy • Presentation | Decision | Sponsor DM(s): M. Lemay Presenter(s): L. Campbell P. Folkes-Dallaire A. Hamel |
| 4 | 9:45 – 10:05 (20 min) | Economic Impacts of Industrial and Technological Benefits Policy • Presentation | Endorsement | Sponsor DM(s): J. Knubley Presenter(s): K. Gillis |
| 5 | 10:05 – 10:20 (15 min) | NSS Risk Management Process Presentation Terms of Reference Framework Heat Map | Decision | Sponsor DM(s): M. Lemay Presenter(s): L. Campbell |
| 6 | 10:20 – 10:35 (15 min) | DPS Project Status Report Executive Summary Quad Charts | Oversight | Sponsor DM(s): M. Lemay Presenter(s): L. Campbell A. Fillion J. Hutchinson |
| 7 | 10:35 – 10:45 (10 min) | Update on Consolidation of VSY Program Proposals • Verbal Update s.69(1)(g) re: (a) | Information | Sponsor DM(s): M. Lemay Presenter(s): L. Campbell |
| 8 | 10:45 – 11:05 (20 min) | | | Sponsor DM(s): J. Hutchinson Presenter(s): R. Wight |
| 9 | 11:05 – 11:10 (5 min) | DPS Governance • DMGC Open Action Items | Discussion | Sponsor DM(s): M. Lemay Presenter(s): C. McColgan |
| 0 | 11:10 — 11:15 (5 min) | Roundtable and Closing Remarks | Discussion | Sponsor DM(s): M. Lemay |

Document Control

Recipient #27 Package: 96

Date of Delivery: MAR 0 8 2017

March 8, 2017

Document Control

Recipient #27
Package: 96

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s.20(1)(c)

s.21(1)(a)

s.21(1)(b)

Defence Procurement Strategy (DPS) Deputy Minister Governance Committee (DMGC) Summary of Discussion, Meeting of 10 February 2017

Key Points to Note

- Gap Analysis: Discussed options to address the OFSV-OOSV production gap and agreed to hold a special DMGC
 s.69(1)(g) re: (a)
- <u>PWC Report</u>: Comments will be provided to ISI on the PWC Report. Interdepartmental communications plan will be developed in advance of its public release.
- Master Schedule: Departments must exercise diligence to assure timelines of items included are realistic and actionable
 s.69(1)(g) re: (a)

1. Opening Remarks and Approval of Summary of Discussion

- After welcoming everyone to the meeting, the Chair asked whether members had any issues with the summaries of discussion from the 13 Dec 2017 and 17 Jan 2017 DMGC meetings.
- DND made reference to the action items from the 17 Jan 2017 meeting with the shipyards reminding members that these should be captured on the agendas for upcoming ADMC and DMGC meetings, particularly those that are pressing. Following this point, the summaries of discussion were approved by the Committee.

2. OFSV-OOSV Gap Analysis Update

| • | The discussion transitioned to the first agenda item, OFSV-OOSV Gap Analysis Update. |
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3. DPS Project Status Report

- DND, CCG and PSPC provided an update on procurements under DMGC oversight.
- s.69(1)(g) re: (a)

 PSPC indicated that this proposal was already considered and a decision was made among core DMGC members that the project is currently being managed and reported under a separate DMlevel governance committee which meets weekly given the urgent need for the capability.

| 4. Master Schedule | s.69(1)(g) re: (a) | s.69(1)(g) re: (c) |
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5. Shipbuilding Costs and Premiums in Canada

s.69(1)(g) re: (c)

 The Chair turned to DND to provide a briefing on Shipbuilding Costs and Premium. This item was first discussed at DMGC and ADMC in November 2016

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| Action Items: | | |
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| 6. Update on OFSV Contract Amenda | <u>nent</u> | 69(1)(g) re: (c) |
| Members were provided an update | on the OFSV contract amendment | |
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s.20(1)(c) s.21(1)(a)

7. DPS Governance

 The DPS Secretariat referenced the DMGC Open Action Items tracker and indicated to members that the Secretariat staff will be following-up on any outstanding items.

8. Roundtable and Closing Remarks

- Steve Brunton Education Papers
 - DPS Secretariat invited members to provide any comments on the Shipbuilding Advisor's education papers.

- NSS Annual Report to Parliament
 - o A brief update was provided on the timelines to update and approve the report in advance of its tabling to Parliament in March.
- The DMGC Chair thanked members for attending the meeting and reminded them that a special DMGC meeting will be scheduled in the near-term to discuss the OFSV-OOSV Gap.

| Action Item: |
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s.69(1)(g) re: (a)

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— CANADIANS.

Future Fighter Capability Project (FFCP)

Deputy Minister Governance Committee (DMGC) March 10, 2017





Meeting Objectives

- To inform DMGC on:
- Project objectives, framework, and status
- Notional procurement approach and key milestones
- Approach for Interdepartmental Cooperation and Governance Oversight
- Approach for Economic Benefits
- Project Risks and Issues
- To obtain DMGC Approval of:
- Approach for Supplier Engagement (DPS Milestone 1A)





Project Objective

open and transparent competition that results in the fleet and associated in-service support through an Acquire a permanent replacement fighter aircraft right capability and economic benefits within an approved budget.



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Project Framework and Governance

- June 2016: Government approved the Policy Framework for the fighter let procurement
- and transparent competition to replace the CF-18 fleet within its mandate 22 Nov 2016: Government announcement of a plan to launch an open
- Industrial and Technological Benefits policy, including Value Proposition, will apply to this procurement
- This project will be governed in accordance with the Defence Procurement Strategy (DPS)





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21(1)(b), 21(1)(a)

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Current Project Status

- Short Term Work Priorities:
- Refine the Supplier Engagement Approach
- Process to engage foreign governments & industry
- Finalizing the Supplier Engagement Plan (SEP)
- Engaging the services of a Fairness Monitor (FM)
- Define initial FFCP operational concepts:
- Update the Statement of Operational Requirements (SOR) to include IRPDA inputs
- Statement of Operating Intent (SOI)
- submission for Project approval and Expenditure Authority for Develop project documentation to support Treasury Board Project Definition







Current Project Status (Cont'd)

- Short Term Work Priorities:
- Define an initial Fleet Sustainment construct:
- Sustainment Business Case Analysis (SBCA)
- Statement of Support Intent (SSI)
- Refine the Procurement Strategy & Contracting Method
- Refine approaches for "Hybrid" competitive procurement
- Assess the merits and methodology for pre-qualification process
- Economic Benefits Value Proposition (VP)
- Develop VP pillars (supplier development, exports, R&D, etc.)





PROTECTED B

Notional Procurement Approach

Objective: Enable both industry and foreign governments to act as suppliers in order to maximize the potential number of contenders Constraint: Fighter aircraft are available through different procurement methods (direct commercial sales and/or government-to-government agreements). The procurement approach is notional and will be the object of analysis of potential options, informed by engagement with industry and foreign governments



Notional Key Project Milestones

s.21(1)(a) s.21(1)(b)

| Activity | ADMC | DMGC | Target Completion |
|--|--------------|-----------|----------------------|
| DPS Governance Approval: Supplier engagement approach and interdepartmental cooperation and governance oversight | 17 Feb 17 | 10 Mar 17 | Mar 2017 |
| DPS Governance Approval: SBCA Questionnaire | 17 Mar 17 | 13 Apr 17 | Apr 2017 |
| Policy Doc approval (competition and fleet size) | | | May 2017 |
| Initial Supplier Engagement and supplier day | • | | Summer 2017 |
| Project and Expenditure Authority (Definition) Approval | TBD | . TBD | Fall 2017 |
| DPS Governance Approval: Initial Procurement & Sustainment Strategy | 28 Nov 17 | 12 Dec 17 | Winter 2017/18 |
| DPS Governance Approval: Final Procurement & Sustainment Strategy | TBD | TBD | 2019 |
| First Aircraft delivery | 1 | 1 | 5025 |

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Interdepartmental Cooperation and Governance

- Procurement Strategy (DPS), FFCP will follow the DPS governance structure established to enable effective Consistent with the objectives of the Defence whole-of-government decision-making
- decisions/strategic issues brought to those committees Interdepartmental Project Team (IPT), with regular oversight by a DGGC, ADMC and DMGC, and key The project will be managed day-to-day by an as needed





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Approach for Supplier Engagement

To that end, an integrated approach to Supplier Engagement will be taken. suppliers of goods and services related to Canada's new fighter capability. FFCP will engage both foreign governments and industry, as potential

Canada will:

- Seek inputs from foreign government agencies, original equipment manufacturers, and Canadian industry to ensure an efficient, open, and transparent competition
- Collect further information on purchase and contracting methods, which will help inform and finalize the bid solicitation process.
- Refine concepts: share with potential suppliers initial concepts for the operation and support of a future fighter capability, and seek supplier inputs.
- Seek input from aircraft suppliers and Canadian industry on the development of the Value Proposition.
- documents to maximize competition and chances of a successful procurement. Provide an opportunity to bidders to provide feedback on draft bid solicitation



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Supplier Engagement Activities (Notional)

| Industry Associations Engagement (AIAC, CADSI) | | ì | |
|--|----------------------|-----------------------------------|---|
| | May 2017 | Canadian Industry Associations | Determine appropriate Canadian Industry engagement process & methods |
| Preliminary Supplier Engagement | Jun 2017 | Industry & Foreign Governments | Determine appropriate engagement process & methods |
| Launch Supplier Engagement Summe | Summer 2017 | Industry & Foreign Governments | Formal launch of supplier engagement; explain key objectives, policies and oversight mechanisms; explain next steps |
| Supplier Day 20. | Summer/ Fall 2017 | Industry & Foreign Governments | Present potential suppliers with important information for their effective participation in an open and transparent competition |
| Targeted engagements as Post required (workshops meetings, 20 information exchanges) | Post Sep 2017 | Industry & Foreign Governments | Ongoing engagements to define and refine requirements, concepts and evaluation approach |
| Site Visits 20 | 5018 | Industry & Foreign Governments | Familiarize potential suppliers with CAF current facilities in support of Bid submissions |
| Release of Draft Request for 2018/ Supplier Qualification (RFSQ) | 2018/2019 | Industry & Foreign Governments | Structured Engagement to clarify RFSQ submission requirements, as required |



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Approach for Economic Benefits

- This procurement is a once in a generation opportunity to leverage industrial benefits for Canada's strong aerospace industry through the ITB Policy.
- The Value Proposition will leverage Canada's aerospace capabilities to
- maximize opportunities for companies to participate in the procurement, including the long-term in-service support
- Global supply chain opportunities on commercial and military aerospace platforms
- Support innovation through investments in research and development
- Scale up suppliers, notably small and medium enterprises.
- Determination of an appropriate procurement strategy will be informed by economic benefit considerations
- Canada will seek feedback on various procurement strategy scenarios as part of the engagement process
- Next Steps:
- Winter/Spring 2017: Continued analysis of Canadian capabilities and potential economic benefit opportunities
- Fall 2017: Supplier engagement to validate analysis of capabilities and inform the approach for everaging economic benefits





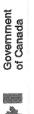
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21(1)(b), 21(1)(a)

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Decision Requested

- Obtain DMGC Approval of:
- Approach for Supplier Engagement (DPS Milestone 1A)





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NSS Risk Management Strategy

Status Update for DMGC & Request for Endorsement

March 10, 2017



Contents

- Objectives (pg. 3)
- Background (pg. 4)
- Accomplishments (pg. 5)
- Risk Management Board (pg. 6)
- Request for Endorsement (pg. 7)
- Next Steps (pg. 8)



Objectives

- Today, NSS Program Management Office (PgMO) is seeking two things:
- o 1) To inform DMGC of the NSS PgMO's progress to-date in rebuilding the NSS risk management processes; and
- 2) To obtain DMGC endorsement of the new approach to risk management. O



NATIONAL SHIPBUILDING STRATEGY STRATÉGIE NATIONALE DE CONSTRUCTION NAVALE

Background

- In Fall 2016, the NSS PgMO began conducting a rebuild of the risk management processes that were developed in 2014.
- This exercise is driven by senior management interest and concern that there needs to be a more vigorous consideration of risk at the Program and Strategy level.

As of Fall 2016, risk management across the NSS was incomplete due to lack of an integrated approach to risk management and absence of a formal mechanism to elevate and report on risks to senior eadership.



NATIONAL SHIPBUILDING STRATEGY STRATÉGIE NATIONALE DE CONSTRUCTION NAVALE

Accomplishments

- October 2016, Terms of Reference approved in December 2016, and A Risk Management Board (RMB) at the DG level was established in ADMC approved the new approach to risk management on January Risk Management Framework approved in December 2016. The
- program level risks, 8 of which have had risk owners identified and mitigation plans developed and approved by the Directors General A new risk register has been developed with ~20 strategy and Governance Committee (DGGC).
- So far, top strategy level risks include fragmented approvals processes and HR capacity.
- Top program level risks include production gaps and backstop liability payments.



Risk Management Board

- In December 2016, the DGGC also approved the Terms of Reference for a NSS Risk Management Board (RMB) - this is the second major part of the new approach to risk management.
- The members of the DGGC will also be the members of the RMB, and the RMB will meet monthly to:
- Identify, assess, and review risks at the program and strategy levels;
- Identify and take mitigation actions; and 0
- simple test for escalation will be used can the risk management actions Recommend risks to be raised to the ADM and DM level for mitigation (a be completed at the current level of seniority? If not, the risk should be 0
- The creation of the RMB is aligned



Endorsement from DMGC

- DMGC to endorse:
- Management Framework and a Risk Management Board, that together the new NSS approach to risk management, including a Risk address prior risk management deficiencies.
- DMGC to review program and strategy-level risks on a quarterly basis (or as required), and take risk management actions, champion, and coordinate risk management actions, all on an as-needed basis. 0



Next Steps

- Upon receiving approval from DMGC, the NSS PgMO will complete its risk management rebuild and will begin the new risk elevation and reporting cycles.
- By May:
- immediate management actions, then the risk will be raised at the next presented to DMGC in the first quarterly report (unless a risk needs Regular risk updates will be provided and top risks identified and monthly DMGC meeting).
- The formal risk reporting cycle will commence, but risk management is an evolving effort.





NATIONAL SHIPBUILDING STRATEGY STRATÉGIE NATIONALE DE CONSTRUCTION NAVALE

NSS Risk Management Strategy

Status Update for DMGC & Request for Endorsement

Appendix: Risk Sample

March 10, 2017



NATIONAL SHIPBUILDING STRATEGY STRATÉGIE NATIONALE DE CONSTRUCTION NAVALE

NSS Strategy & Program Risk Heat Maps

- So far, while 8 risks of the ~20 identified have been formally approved by the distribution in scoring of these 16 risks is presented in the below heat maps. DG level Risk Management Board, 16 risks of the ~20 identified have been assessed and scored by the NSS Program Management Office - the
- For illustrative purposes, the profile of the top scoring program level risk after mitigation is contained in this document as a risk sample: OFSV-OOSV Production Gap.
- The production gap risk's location in the heat maps is circled.

s.21(1)(b)



NATIONAL SHIPBUILDING STRATEGY
STRATÉGIE NATIONALE DE CONSTRUCTION NAVALE

Risk Sample: OFSV-00SV Production Gap

- One of the top Program-level risks is: OFSV-00SV Production Gap.
- Statement: there is a risk that a production gap between OFSV and OOSV will



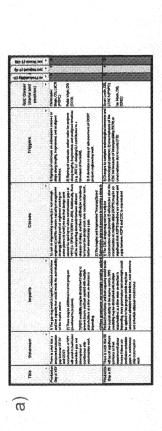
Risk Sample Continued: OFSV-00SV Production Gap

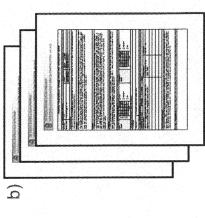
Risk Scoring & Risk Tools

SOUTH SOUTH

- Program (i.e. 5/5 = High probability, 80%< the risk will occur vs. 1/5 = Low probability, 20%> the Risk probability refers to the likelihood that a risk will occur before the end of the Strategy or risk will occur.). 0
- Risk impact refers to the severity of the risk in terms of the relevant Strategy or Program's goals and objectives (i.e. 5/5 = High impact, stopping the achievement of functional goals and objectives vs. 1/5 = Low impact, negligible effects). 0
- Risk proximity refers to how soon the risk is expected to occur (i.e. 3/3 = Near proximity, the risk is expected to occur in the next 6 months vs. 1/3 = Far proximity, the risk is expected to occur at least 2 years away from the current date).

In addition to risk heat maps, other tools have been or are being developed, such as a) a risk register and b) risk information sheets. 0





NSS RISK MANAGEMENT FRAMEWORK

Version 1.0 29 Dec. 2016

National Shipbuilding Strategy

Acquisitions Branch

Public Services & Procurement Canada



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REVISION HISTORY

| Version | Date | Change Request(s) | Description | Modified By |
|---------|---------------------|----------------------------------|---|-------------------|
| 0.1 | 17 November 2016 | | Initial draft completed based on the NSPS Risk Assessment Framework | Keeton Wilcock |
| 0.2 | 5 December 2016 | Doug Taggart, Yuliya Yarotska | "Portfolio" to "strategy," "risk assessment" to "risk management," other edits for clarity | Keeton Wilcock |
| 3.0 | 29 December 2016 | Scott Leslie | Removal of "procedures" from "Terms of Reference and Procedures," clarification of terms, RACI simplification | Keeton Wilcock |
| 4.0 | 29 December 2016 | Doug Taggart | "PSPC Risk Integrated Management Framework" to "PWGSC Policy on Integrated Risk Management" | Keeton Wilcock |
| 1.0 | 29 December 2016 | DGGC | Update to version 1.0 as DGGC accepted RMF on Dec. 22, 2016 | Keeton Wilcock |

1 NSS RISK MANAGEMENT FRAMEWORK

1.1 Objectives

1.1.1 Objective

The objective of the Risk Management Framework (RMF) is to provide a systematic approach to manage the risks and opportunities on the capital acquisition of large ships under the NSS. These risks¹ and opportunities may be manifested, from time to time, leading to an impact of potentially positive and negative outcomes for the NSS initiative in terms of schedule, budget, and requirements. While the Framework may consider in-service support issues on the fringe, it is centered on the capital acquisition of large federal ships under the NSS.

1.1.2 Purpose

The purpose of this RMF is to provide the NSS Program Management Office (PgMO), PSPC, a framework to execute an integrated² Program and Strategy-level risk management regime (including identifying, assessing, monitoring, and communicating) on an on-going basis.

Note that in order to execute this framework, the NSS PgMO will need to consider the key outputs of risk assessment and risk management efforts conducted by individual Project Management Offices (PMOs) at the Project-level in developing its Program and Strategy-level Risk Register.

By executing the Framework and by managing relevant Program and Strategy risks, it is expected that the successful implementation of the NSS and its main will be assisted, where the main objectives of the NSS are:

- Timely delivery of affordable ships to the Royal Canadian Navy and Canadian Coast Guard;
- Development of a sustainable Canadian Marine Sector; and
- Delivery of economic benefits for Canada.

1.1.3 Outcomes

The key outcomes of the implementation of the RMF are envisioned as avoidance of identified risks where possible and reduction of estimated likelihood and impact of risks where possible, as well as exploitation of identified opportunities where possible. These outcomes will only be visible over time, but the tangibility of these outcomes will be aided by tracking trends in risks on a monthly, quarterly, and yearly basis. Implementing the RMF will also contribute to a risk-informed approach toward managing the NSS.

NSS RMF v1.0 Page 4 of 14

¹ Risk: "the effect of uncertainty on objectives" (general) and "the expression of the likelihood and impact of an event with the potential to affect the achievement of an organization's objectives" (technical) – TBS Guide to Integrated Risk Management

² Integrated in the continuous, proactive, and systematic sense, and in terms of collaborating horizontally with all relevant stakeholders, including those from the Department of National Defence, the Canadian Coast Guard, and Innovation, Science and Economic Development Canada.

1.1.4 Outputs

The key outputs, or products, of the implementation of the RMF are envisioned as a well-maintained Risk Register and a one page Dashboard, delivered on a quarterly basis, or more often as requested, to the ADMC, DMGC, and other NSS governance bodies as required. NSS PgMO will also produce a quarterly Risk Report. This report will contain statistics from the Risk Register on time frame, trends, risk scores, risk mitigation strategies, Program vs. Strategy-level categorization, etc. The Risk Management Board Chair (see "National Shipbuilding Strategy Risk Management Board Terms of Reference") will specify additional contents of this report from time to time as required to address the circumstance and support the on-going presentation the NSS Governance.

These outputs will support the Project and procurement risks that will form the narrative in planning, reporting, and approval documents, such as procurement plans, Business Planning Briefs, Ministerial Memoranda and Treasury Board Submissions. The Program risk register can also be used for the annual Integrated Business Planning cycle for the Acquisitions Program.

1.1.5 Principles

The principles promoted by the NSS PgMO in establishing the Framework are:

- Risk management as an ongoing process from the perspective of being proactive and continued monitoring, although formal assessments and tracking will be a monthly;
- The risk management process and supporting tools will accommodate existing business processes, where possible;
- Management outputs are to ensure that NSS Program and Strategy risks are reflected;
- Risk information is to be shared proactively, vertically and horizontally across NSS departmental boundaries;
- Risk Registers to be multi-functional and of standard content to facilitate supporting various approvals, audits and knowledge transfers;
- Risk Registers to reflect and align with Project-level risk assessments and management practices from the PMOs and their impact on the NSS at the Program and Strategy-level, but will not duplicate or add unnecessary administration; and
- The reporting at regular frequencies with an appropriate level of information to the NSS governance.

The NSS PgMO is committed to continuous efforts to refine and mature the RMF. The RMF is an iterative document to help provide an overall approach and consistency in communications.

1.1.6 Roles and Responsibilities

See Annex 2.1 for a Responsibility Assignment Matrix.

1.2 Definitions

Treasury Board Secretariat (TBS) provides Tools and Guides for Risk Management to help strengthen the Canadian federal public sector's integrated risk management practices. This RMF is designed to be consistent with the TBS's guidelines and is based on *Treasury Board Secretariat's Guide to Integrated Risk Management* and *Framework for the Management of Risk*. The Framework utilizes terminologies, definitions, and risk statements that are aligned with the TBS Guideline. The intent of the RMF is to align with the PWGSC Policy on *Integrated Risk Management* and other key departmental (e.g. DND, DFO) policies and guidelines pertaining to risk management.

The intention of this risk management practice is to present analysis results in a manner consistent with other capital acquisition projects in the Federal Government and to facilitate communication among stakeholders, thereby ensuring a common and clear understanding.

NSS PgMO acknowledges that Project-level risk management strategies are developed based on Projects' unique contexts and may change or extend the scope of the assessments and strategies, requiring broadened range of definitions and terminologies. The Framework does not limit sources or references of terminologies or statements to the TBS Guideline while keeping an alignment with these terms for the purpose of assessment and reporting at the Program and Strategy-level.

Definitions, which are consistent with the documents listed above and which are used here, include:

- Risk: refers to the effect of uncertainty on objectives. It is the expression of the likelihood and impact of an event with the potential to affect the achievement of an organization's objectives;
- Risk management: is a systemic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, making decisions on and communicating risk;
- Integrated risk management: Risk management cannot be practiced effectively in silos.
 As a result, integrated risk management promotes a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective in a cohesive and consistent manner
- Risk informed approach: A risk-informed approach to management builds risk
 management into existing governance and organizational structures, including business
 planning, decision-making and operational processes. It also ensures that the workplace
 has the capacity and tools to be innovative while protecting the public interest and
 maintaining public trust.
- Avoid: eliminating uncertainty by removing the cause of the risk, for example changes to the project plan, assumptions, the sequence of construction strategy, etc. Some changes can be made that will not negatively impact or avoid the project to achieve its goals.
- Mitigate: adjusting risk exposure by reducing the probability of the impact and uncertainty to an acceptable level due to the fact that some risks cannot be avoided. Risks are mitigated by planning and implementing staged risk reduction action plans like work-around plans or re-planning to minimize its probability and/or impact. Fall back plans with a decision point, action and costs are also included. Examples: include threats that will affect the critical path of the project, cause fair level of reputational damage, injury with lost time, etc.

- Transfer: allocating ownership. Generally (but not always), risks with low probability of occurrence, but with a high cost impact should be transferred to a third party by purchasing an insurance, outsourcing or establishing partnerships. However, sometimes the risk is partially transferred and additional actions may be required to address any potential residual impact that it is still considered critical if not covered in other risks. For example: risk of potential fire or major environment incident. The organisation could transfer the risk by purchasing the insurance but in some cases the insurance does not cover business discontinuity. Either, other insurance should be purchased or additional actions should be developed. Note that some risks could also be transferred to contractors or subcontractors by establishing milestones and penalties if milestones are not achieved. probability and/or impact. Fall back plans with a decision point, action and costs are also included. Examples: include threats that will affect the critical path of the project, cause fair level of reputational damage, injury with lost time, etc.
- Accept: including the risk in the baseline with no planned mitigation or contingency action. The cost to mitigate the risk could be greater than the benefit of the mitigation could bring to the project which means that it is not worth to implement the action plan and the best strategy is to accept the risk and consider it in the project baseline. However, it is highly recommended to properly monitor and control the risk to identify potential changes in the risk impact that could lead to changes in the risk strategy, the impact could increase and the mitigation cost could be low which would justify the implementation of the response plan.

1.3 Program and Strategy-Level Risk Management Framework

1.3.1 Program and Strategy Risk Management Process

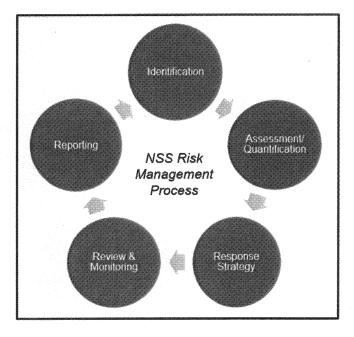
The objective of the Program and Strategy Risk Management Process is to identify, analyze and evaluate the NSS risks at the Program and Strategy-level, to propose treatment options and mitigation strategies based on risk analysis, and to communicate and review the status of the Risk Items.

The risk management process described below is generally consistent with the TBS *Guide to Integrated Risk Management*, the *PSPC Integrated Risk Management Policy*, and the *Acquisition Program Risk Management Policy*. Note that the risk management process is a continuous one, as the below diagram illustrates.

a) Risk Identification

The objective of this step is to identify key risks, as well as internal and external factors that may potentially affect the NSS and to clearly understand the implications of the identified risks and trigger points to the NSS as a whole. Diverse information on identified risks is to be input into the risk assessment discussion. The resources for the discussion include but are not limited to:

- Project risks elevated from Project risk review through the escalation process;
- Project contexts provided by the PMOs;
- Feedback collected through other sources, such as the Project onepagers, NSS governance committees, and lessons learned from knowledge and experiences of subject matter experts; and
- Data collected through third party reports (e.g. SPAR, FMI, etc.)



| Risks are defined with a detailed description | in a form of risk | statement (if | occurs |
|---|-------------------|-----------------------|---------|
| then the consequences could result in | OR if | occurs due to | , then |
| the consequences could result in3) a | nd analyzed as | to the nature, source | ce, and |
| type of impact. | | | |

Typical tools for risk identification exercises include:

- Brainstorming (e.g., through a Risk Workshop);
- Audit/inspection/interview;
- · Case studies:
- Scenario analysis;
- · Decision trees;
- Flow charts/diagrams/tables;
- Strengths-Weaknesses-Opportunities-Threats analysis; and

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³ TBS Guide to Risk Statements

Hazard Identification Risk Assessments.

This step also includes categorization of each risk with a set of pre-determined categories – the TBS *Guide to Risk Taxonomies* deals with this part of risk management. Typical categorization criteria for procurement projects are:

- Strategic versus Operational;
- Project versus Program versus Strategy level;
- Procurement phase: planning, procurement, negotiation, contract management; and
- Types of risks⁴: business processes, capital infrastructure, communications, conflict of interest, financial management, governance and strategic direction, human resources management, information management, information technology, knowledge management, legal, organizational transformation and change management, policy development and implementation, privacy/information stewardship, program design and delivery (incl. approval, design, build, deliver), project management, political, reputational, resource management, stakeholders and partnerships, and values and ethics.

b) Risk Assessment/Quantification

Risk quantification is the step of estimating, at the very least, the probability of a risk event occurring and the consequence if it were to occur.

Probability is the chance that the risk event will be actually realized. Estimated probability can be justified with statistical data or simulation outputs from a software or program. However, in practice, the estimate largely relies on precedents, experiences and opinions of professionals (risk workshop panels).

Consequence measures the severity of effect when the risk event is realized (often in terms of financial, schedule, credibility, and objectives impact). NSS PgMO should consider the risk tolerance levels or/and risk cultures of various stakeholders to determine the consequence criteria, for example an "Impact" score ranging from 1 to 5 and Risk Matrix— but it is important to note that this criteria should be applied across risks in consistent manner.

The product of probability and consequence is the Rating of Risk or Risk Score – a "Raw Risk Score." After considering risk response strategies, risks should be re-assessed for "Residual Risk Scores."

c) Risk Response Strategy

Risk Response Strategy is a proposed action to prevent a risk from occurrence or minimize its negative impact to the Project/Program/Strategy in case the risk is realized. The first step in this exercise is to evaluate:

- Whether the risk is avoidable;
- Whether there is any need to act upon the risk;
- Whether and how the impact or probability of risk occurrence can be reduced with a set of actions;
- The appropriate party (e.g., NSS PgMO, PMOs or anyone else) that can better manage the risk and to whom the risk can be transferred; and
- Whether the risk has a potential for positive consequence (e.g., opportunity).

⁴ TBS Guide to Risk Taxonomies

Examples of consideration to be taken into account for establishing risk response strategies also include:

- Whether the risk is significant enough to take the action (in terms of probability, consequence or risk score);
- The current NSS policies, principles, corporate plan or budget that allow any action to be taken; and
- If there is any net benefit of taking action against the cost associated with the action.

Depending on these considerations, funds may be allocated to a risk mitigation plan in expectation that there will be a net benefit of investing in risk mitigation (i.e. the investment is smaller than the amount that the risk is reduced by). In practice, the Risk Management Board discussion will add significant value in establishing risk mitigation strategies. Further, it is important to elevate the risk mitigation strategies to NSS governance as applicable (i.e. up to ADMC) and to monitor the mitigation strategies.

d) Risk Review and Monitoring

This step involves the regular review of risk information to ensure that the impact of changing circumstances on risks is considered. It also involves the review of risk responses to ensure that they are effectively implemented and achieve their planned results.

On a monthly basis, NSS PgMO will support the Risk Management Board in reviewing and monitoring risks in general, and reviewing and monitoring, more specifically:

- Whether the right people are involved in the monitoring of risks;
- How evolving circumstances change the nature and level of risks;
- What progress has been made on implementing risk responses;
- How effective risk responses are in terms of moving risks toward tolerable levels;
- Whether the communication of risk information is of proper quality and quantity; and
- How well risk indicators are integrated with other performance measures and accurately reflect the status of risk items.

e) Risk Reporting

Risk reporting refers to the communication and reporting of risk information to the appropriate levels of the organizations at the right times to support decision-making.

At the Project-level, NSS PgMO will analyze as many of the applicable risk registers as possible and will also attend Project-level risk meetings from time to time. The risk information from these registers and meetings will often form causes or triggers or subsidiary risks to risks identified at the Program and Strategy-level.

At the Program and Strategy-level, NSS PgMO will maintain an up-to-date Risk Register and Dashboard for ADMC, DMGC, and other NSS governance bodies as required. NSS PgMO will also produce a quarterly Risk Report. This report will contain statistics from the Risk Register on time frame, trends, risk scores, risk mitigation strategies, Program vs. Strategy-level categorization, etc. The Risk Management Board Chair (see "National Shipbuilding Strategy Risk Management Board Terms of Reference") will specify additional contents of this report from time to time as required to address the circumstance and support the on-going presentation the NSS Governance.

Information will be communicated back down to the Risk Management Board from ADMC, DMGC, PMC, and EGC through Records of Proceedings and direct taskings.

1.3.2 Project Risk Integration

a) Program and Strategy-level Risk Register

As a part of an integrated information exchange structure, a Program and Strategy-level Risk Register will be established by the NSS PgMO. Individual PMOs will be provided with access to and share their risk assessment information (e.g., specific Project risk registers and periodic risk reports) with the NSS and other PMOs. The format of the Program and Strategy-level Risk Register will be developed as part of the implementation of the RMF. An information sharing protocol will be developed to which all PMOs and the NSS will have access. The intention is to facilitate the risk information exchange between the NSS and PMOs, and minimize the PMOs effort in the administration.

Administration of the Program Risk Registry

- NSS PgMO is responsible for initiating and maintaining the Program and Strategy-level Risk Register.
- NSS PgMO shares information from the Program and Strategy-level Risk Register with the PMOs using protocols and practices established with the PMOs.
- PMOs lead on maintaining the Project Risk Registers.
- PMOs, through existing risk management practices and roles, share information from the Project Risk Registers with the NSS PgMO using protocols and practices referred to above.

Risk would be assigned in the Risk Register and four action options will be used for responding to risk: transfer, mitigate, accept, and avoid.

Recognizing that the timing of the risk management cycle may not be aligned among the PMOs, the NSS PgMO, as the administrator, is to reach out to individual PMOs or groups of PMOs for scheduled updates.

b) Project Risk Notification and Review Process

With the support and information exchange through the Program and Strategy-level Risk Register, the NSS PgMO will be able to consolidate and review Project-level risk information and elevate the selected Project risks for further analysis to add to the Program-level risk assessment. The first step is to confirm the NSS PgMO's understanding of project risks with the PMOs and position that risk information for senior management review. The proposed process is as follows:

Project Risk Notification and Review Process

NSS PgMO, through consultation with the PMOs and the NSS governance, establishes notification and review criteria to identify/select Project risks for evaluation at the Program and Strategy-level based on the following triggers:

- Changes in scheduling elements, namely: publicly announced dates, cardinal dates, Project milestones greater than three months;
- Changes in the Project budget or scope, or events requiring access to a Project's contingency; and

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Impact on the NSS Program objectives.

Upon being notified by the PMO on changes to risk, the NSS PgMO reviews the information to gain an understanding of the nature of the change. Through consultation with the PMO, the NSS PgMO confirms its understandings of the risks with the PMO and seeks clarification when necessary.

The NSS PgMO updates the Program and Strategy-level Risk Register, if applicable, and prepares briefings as required to NSS governance.

In its role of managing the Project risk notification and review process, the NSS PgMO will seek to add value through its feedback to project-level risk assessments.

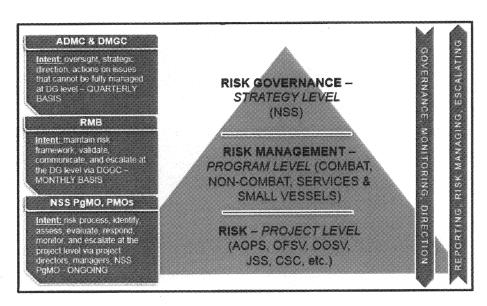
c) Risk Information Consistency

The NSS Program and Strategy-level Risk Register will accommodate information formats provided by PMOs. In general, to maintain consistency, the following elements will be recorded:

- Risk item information including name and description in the form of a risk statement, and risk owner;
- Implication of risk item including cause, trigger, consequence and impact;
- Basis for risk, scoring including probability of occurrence and impact, including any financial impact;
- Overall score and its justification;
- Treatment options and mitigation strategies;
- Opportunity identification; and
- Residual risk information.

1.3.3 Governance Integration

This RMF has advocated that NSS risk management be integrated vertically from the Project to Strategy-level and horizontally across departments in formal governance bodies. Referring back to Section 1.2 of this RMF, "risk management cannot be practiced effectively in silos." The below diagram is a simple depiction of the governance integration advocated here.



2 ANNEXES

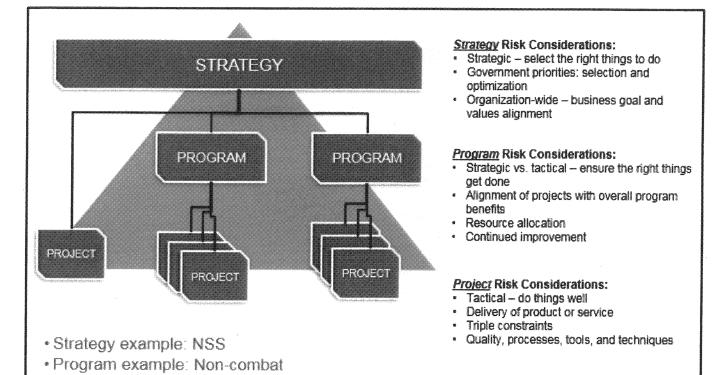
2.1 NSS PgMO Risk RACI Matrix

| | ADMC | DMGC | 151 | NSS PgMO | PMC | PMOs | RMB |
|---|------|---|-------------|-------------|-------|------|-----|
| Identifying Program risks, assessments, mitigations | I | | С | R | | С | Α |
| Identifying Strategy risks, assessments, mitigations | l | *** | С | R | ** | С | Α |
| Approving Strategy risks, assessments, mitigations | R | *** | ess. | С | 000 | С | Α |
| Approving Program risks, assessments, mitigations | l | *************************************** | ** | С | 499 | С | R |
| Identifying OPIs, risks to be raised and lowered | | 060 | 40 | R | 400 . | С | Α |
| Assigning OPIs, raising and lowering risks | | 300 7 | 50 0 | R | *** | С | Α |
| General Program & Strategy risk monitoring and reporting | | *** | *** | R | ** | С | Α |
| Maintaining Program & Strategy-level Risk Register and Dashboard | l | | * | R | . * | ı | Α |
| RMB ToRs, agenda, RoDs | | *** | | R | ** | | Α |

- Responsible: those who do the work to achieve the task
- **Accountable:** the one ultimately answerable for the correct and thorough completion of the deliverable or task, and the one who delegates the work to those responsible
- Consulted: Those whose opinions are sought, typically subject matter experts and with whom there is two-way communication
- **Informed**: Those who are kept up-to-date on progress, often only on completion of the task or deliverable, and with whom there is just one-way communication

NSS RMF v1.0 Page 13 of 14

2.2 Project vs. Program vs. Strategy



Project example: OFSV

TERMS OF REFERENCE
NSS Risk Management Board (RMB)

Version 1.0 29 Dec. 2016

National Shipbuilding Strategy

Acquisitions Branch

Public Services & Procurement Canada

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| Version | Date | Change Request(s) | Description | Modified By |
|---------|---------------------|----------------------------------|--|-------------------|
| 0.1 | 17 November 2016 | | Initial draft completed based on the APT RMB ToR and the NSPS PMRC for Risk Management ToR | Keeton Wilcock |
| 0.2 | 5 December 2016 | Doug Taggart, Yuliya Yarotska | "Portfolio" to "Strategy," edits for clarification | Keeton Wilcock |
| 0.3 | 15 December 2016 | Doug Taggart, Yuliya Yarotska | Edits for clarification | Keeton Wilcock |
| 0.4 | 20 December 2016 | lan Mack | Deletion of Quorum section as no money is being spent/policy being set | Keeton Wilcock |
| 0.5 | 29 December 2016 | Scott Leslie | Scott Leslie as RMB chair, membership update, RACI simplification, Program vs Strategy clarification | Keeton Wilcock |
| 0.6 | 29 December 2016 | Doug Taggart | "PSPC Risk Integrated Management Framework" to "PWGSC Policy on Integrated Risk Management" | Keeton Wilcock |
| 1.0 | 29 December 2016 | DGGC | ToR accepted by DGGC, ToR changed to version 1.0 | Keeton Wilcock |

1 NSS RISK MANAGEMENT BOARD TERMS OF REFERENCE

1.1 Overview

To fulfill the assigned responsibilities and manage the activities pursuant to the National Shipbuilding Strategy (NSS) Risk Management Framework (RMF) and the Program Management Plan (PMP), the NSS Program Management Office (PgMO) and the NSS Director General Governance Committee will establish a Risk Management Board (RMB) to oversee the management of Program and Strategy-level risks to the NSS and its three main objectives, namely:

- Timely delivery of affordable ships to the Royal Canadian Navy and Canadian Coast Guard;
- Development of a sustainable Canadian Marine Sector; and
- · Delivery of economic benefits for Canada.

These Terms of Reference are intended to summarize the role of the RMB in applying a risk management lens to the NSS Program and Strategy-level activities through the application of the NSS RMF. This is all done in expectation of enhancing the likelihood of successful attainment of each of the NSS's three main objectives.

1.2 Purpose and Scope

Treasury Board (TB) of Canada has recognized through experience that capital projects, especially large and complex ones like the NSS, are subject to risks that must be formally managed in accordance with the following references:

- The Framework for the Management of Risk (TB); and
- The PWGSC Policy on Integrated Risk Management.

Risk management for the NSS is conducted under the authority and direction of the RMB.

1.3 RMB Mandate and Responsibilities

The RMB has full responsibility for and authority over processes (see Annex 2.1) and activities relating to NSS risk management.

1.4 Meetings

The NSS RMB will meet monthly or as otherwise requested by ADMC or DMGC. Meetings will be held in the National Capital Region. The NSS PgMO, and more specifically the NSS PgMO Risk Management Team, will act as the Secretariat supporting the RMB (i.e. scheduling meetings).

1.5 Information Management

The NSS PgMO will be distributing documents for meetings, maintaining version control of documents, and developing briefings, reports, and other documents as requested. The following documents will be distributed to RMB members two business days prior to a scheduled NSS RMB meeting:

- Meeting agenda;
- Previous meeting's Record of Decisions; and

NSS RMB ToR v.1.0 Page 4 of 8

 Current Risk Register highlighting the new, amended, or deleted risks to be presented to the NSS RMB.

1.6 Member Responsibilities

The Board is constituted to ensure that Program and Strategy risks pertaining to the NSS are identified, assessed, appropriately mitigated, and appropriately communicated to relevant NSS stakeholders. In simple terms, Program risks refer to those which are expected to impact either the Combat or the Non-Combat program, but not necessarily both (or if the risk impacts both programs, it will impact them in materially different ways). Strategy-level risks are expected to impact both the Combat and the Non-Combat programs. The responsibility and accountability for these actions reside with the RMB, with the NSS PgMO sharing some responsibilities in their Secretariat role (see Annex 2.2). The Board will report as required to the AMDC and DMGC. The Board will escalate risks to the ADMC when required and delegate risks to the Projects when required.

Specifically, the Board will provide the following advisory functions and responsibilities with respect to the key elements of NSS RMF:

- Review the Risk Register periodically (as part of this process, provide input to the identification, assessment and management of Program and Strategy-level risk, and review the completeness of the list of risks and identify any new risks which may materially impact the Program or Strategy);
- Review and validate the status of the top risks at every meeting;
- Conduct a thorough examination of at least one risk per meeting;
- Participate periodically in risk scoring of identified Program and Strategy risks;
- Assign OPIs and develop mitigation Strategies for risks;
- Identify risks to raise to ADMC and risks to delegate to Projects;
- Provide support and direction to the NSS PgMO risk team on risk-related issues, and support the development and continuous improvement of risk management practices;
- Encourage and facilitate sharing of risk information and lessons learned/best practices among stakeholders.

1.7 Member Roles

The Chair of the RMB will provide the leadership in the management of events that could present substantial impact to the desired Program and Strategy-level outcomes of the NSS and the formulation of options to reduce the negative (risk) impact and/or to take advantage of the positive (opportunity) impact.

The Chair will lead the monthly review of up to the top 10 risks and new information (updates and new risks) in the Risk Register and lead a deep-dive on at least one risk, with support from the Secretariat. The Chair will also direct the RMB to provide a monthly Program Risk Dashboard and Strategy Risk Dashboard to the ADMC and DMGC, and will disseminate feedback from the bodies to the RMB for action.

The Secretary/Secretariat of the RMB will provide administrative support to the Chair, act as the coordination point for all business tabled at the RMB meetings, maintain the current the Risk Register and Dashboard, and prepare reports for the RMB as requested. The Secretary/Secretariat will provide the meeting agenda and material to be tabled at the RMB to

the members at least 2 business days prior to RMB meetings and record decisions and action items arising from each meeting.

RMB Members are responsible to alert the Secretariat of developments associated with current risks and new risks for analysis and review by the RMB, and to provide additional agenda item(s) and background to the Secretary for distribution to the membership.

1.8 Membership

The core membership of the RMB will include:

- Standing Member Director General, Large Ships and NSS, PSPC
- Standing Member Director General, Large Combat Ships, PSPC (Chair)
- Standing Member Director General, Major Project Delivery (Sea), DND
- Standing Member Director General, Major Projects, CCG
- Standing Member Director General, Industrial Technological Benefits, ISED
- Observing Member Director General, Defence Procurement Secretariat, PSPC
- Observing Member Director, NSS PgMO, PSPC (Secretary)
- Observing Member Risk Management Team, NSS PgMO, PSPC (Secretariat)¹

The RMB will call upon other stakeholders to attend committee meetings, in accordance with the subject matter under consideration at the time. These stakeholders include but are not limited to:

- Procurement Directors of NSS Projects;
- · Project Managers of NSS Projects;
- Assigned Communication Advisor(s) from Acquisitions Branch, PSPC;
- PSPC assigned Legal Counsel;
- PSPC assigned Cost Analysts;
- Industry Canada representatives responsible for Value Proposition (VP) and Industrial
 & Technological Benefits (ITBs);
- Representatives from DND's National Shipbuilding Procurement Office (NSPO) and the Department of Fisheries and Oceans; and
- Representatives from Treasury Board Secretariat (TBS).

The RMB may also call upon other stakeholders to attend and contribute to the Board meetings, on a periodic basis and as the need arises. These stakeholders include but are not limited to:

- Other Government Stakeholders;
- Third Party Advisor(s);
- · Industry representatives; and
- Shipyard representative(s).

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¹ The Director General, Marine Services and Small Vessels, PSPC, and DND and CCG counterparts, will also be brought onto the RMB as standing members once initial large ships and combat ships risk work has been completed.

2 ANNEXES

2.1 Risk Management Procedures

For full risk management procedures, please consult the *NSS Risk Management Framework*. Broadly, the risk management steps are:

a. Risk Identification

The objective of this step is to identify key risks, as well as internal and external factors that may potentially affect the NSS and to clearly understand the implications of the identified risks and trigger points to the NSS as a whole. This is also includes characterization of each risk with a set of pre-determined categories – the *TBS Guide to Risk Taxonomies* deals with this part of risk management.

b. Risk Assessment/Quantification

Risk quantification is the step of estimating, at the very least, the probability of a risk event occurring and the consequence if it were to occur.

c. Risk Response Strategy

Risk Response Strategy is a proposed action to prevent a risk from occurrence or minimize its negative impact to the Project/Program/Strategy in case the risk is realized.

d. Risk Review and Monitoring

This step involves the regular review of risk information to ensure that the impact of changing circumstances on risks is considered. It also involves the review of risk responses to ensure that they are effectively implemented and achieve their planned results.

e. Risk Reporting

This step refers to the communication and reporting of risk information to the appropriate levels of the organizations at the right times to support decision-making.

2.2 NSS PgMO - Risk - RACI Matrix

| | ADMC | DMGC | ISI VSV | NSS PgMO | PMG | PMOs | RMB |
|---|----------|---------------------------------------|-------------|-------------|------------|------|-----|
| Identifying Strategy risks, assessments, mitigations | l | | С | R | 1000 | С | Α |
| Identifying Program risks, assessments, mitigations | | 000 | С | R | ** | С | Α |
| Approving Strategy risks, assessments, mitigations | R | ** | was | С | *** | С | Α |
| Approving Program risks, assessments, mitigations | . | ** | · #000 | С | 000° | С | R |
| Identifying OPIs, risks to be raised and lowered | | . ж м | *** | R | 1504 | С | Α |
| Assigning OPIs, raising and lowering risks | ı | ** | NW . | R | 440 | С | Α |
| General Program & Strategy risk monitoring and reporting | ı | | 1924 | R | - | С | Α |
| Maintaining Program & Strategy-level Risk Register and Dashboard | ı | · · · · · · · · · · · · · · · · · · · | 1* | R | l * | I | Α |
| RMB ToRs, agenda, RoDs | | ** | •• | R | ** | 1 | Α |

- Responsible: those who do the work to achieve the task
- **Accountable:** the one ultimately answerable for the correct and thorough completion of the deliverable or task, and the one who delegates the work to those responsible
- **Consulted:** Those whose opinions are sought, typically subject matter experts and with whom there is two-way communication
- **Informed**: Those who are kept up-to-date on progress, often only on completion of the task or deliverable, and with whom there is just one-way communication

| | Upcoming decisions / Action required | | | | |
|---|---|--|--|--|--|
| National Shipbuilding Strategy Projects | Reasoning for rating & Key issues | | | Construction is expected to start in 2018. | |
| National | Budget | | | | |
| | Scope Schedule | | | | |
| | CAPITAL PROJECTS Arctic and Offshore Patrol Ship (AOPS) (phase: IMPLEMENTATION) | Canadian Surface Combatant (CSC) (phase: DEFINITION) | Offshore Fisheries Science Vessel (OFSV) (phase: IMPLEMENTATION) | Offshore Oceanographic Science Vessel (OOSV) (phase: DEFINITION) | |

Page 1 of 5

Draft for discussion NOT for distribution

| CAPITAL PROJECTS | Scope Schedule Budget | Reasoning for rating & Key issues | Upcoming decisions / Action required |
|--|-----------------------|-----------------------------------|--|
| Joint Support Ship (JSS) (phase: DEFINITION) | | | |
| Polar Class Icebreaker (phase: DEFINITION) | | | |
| | | | |
| Fixed-Wing Search and Rescue (FWSAR) (phase: IMPLEMENTATION) | | | |
| | | | |
| s.21(1)(a) s.69(1)(g) re: (a) s.21(1)(b) s.69(1)(g) re: (c) | | | TOTAL STATE OF THE |

Page 2 of 5

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Draft for discussion NOT for distribution

| Upcoming decisions / Action required | | | | | |
|--------------------------------------|--|--|----------------|--|---|
| Reasoning for rating & Key issues | | | | | |
| Schedule Budget | | | | | |
| Scope S | | | | | |
| CAPITAL PROJECTS | Future Fighter Capability Project (FFCP) (phase: OPTIONS ANALYSIS (schedule baseline: N/A) | Interim Fighter Capability Project (iFCP) (phase: Definition) (schedule baseline: TBC) | Joint Unmanned | Surv & Tgt Acq Sys (JUSTAS) (phase: OPTIONS ANALYSIS) (schedule baseline: N/A) | Maritime Helicopter Project (MHP) (phase: IMPLEMENTATION) |

Page 3 of 5

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

s.21(1)(a) s.21(1)(b)

Draft for discussion NOT for distribution

| CAPITAL PROJECTS | Scope | Schedule | Budget | Reasoning for rating & Key issues | Upcoming decisions / Action required |
|--------------------------|-------|----------|--------|-----------------------------------|--------------------------------------|
| Logistics Vehicle | | | | | |
| A Modernization | | | | | |
| (LVM) | | | | | |
| (phase: OPTIONS | | | | | |
| (schedule baseline: N/A) | | | | | |
| s AOPS / JSS In- | | | | L | |
| | | | | | |
| (AJISS) | | | | | |
| | | | | | |
| Interim Auxiliary | | | | | |
| Oiler Replenishment | | | | | |
| (iAOR) | | | | | |
| | | | | | |
| | | | | | |
| A Contracted Airborne | | | | | |
| Training Services | | | | | |
| | | | | | |
| | | | | | |

*Note: Performance ratings for Budget, Schedule and Scope for project in the Option Analysis Phase are not reported.

Page 4 of 5

s.21(1)(a) s.21(1)(b) s.69(1)(g) re: (a)

Annex A – Legend (MCP-IOC legend for Scope/Schedule/Budget color ratings)
To Projects / Procurements status report - Executive Summary

| Area | Issue / Risk rating | Area | Issue / Risk rating |
|--------|--|----------|---|
| | For projects in definition / implementation: | | For projects in definition: |
| 0 | Green – No change to the approved scope. | | Green - Within no more than three months (one quarter) or |
| adoac | There are risks that will likely lead to scope change. | | 110% of planned definition period whichever is greater. |
| | Red – Approved scope unachievable. Return to approval authority. | | - Within three to six months (one to two quarters) or |
| | For projects in definition: | | 110-120% of planned definition period, or of approved re- |
| | Green - Forecast is to remain within approved Expenditure Authority by | | baseline by MCP-IOC, whichever is greater. |
| | employing no more than 50% of the approved contingency ² . | | Red - Over six months or longer than 120% of planned |
| | - Forecast is to remain within approved Expenditure Authority by | | definition period or of approved re-baseline by MCP-IOC, |
| | employing more than 50% of the approved contingency ² . | | whichever is greater. |
| | Red - Forecast is to exceed approved Expenditure Authority including approved | | |
| | contingency ² . | Schedule | For projects in implementation: |
| | | | Green - Within no more than six months (two quarters) or |
| | For projects in definition looking forward to implementation: | | 110% of planned period to last major article delivery |
| | Green - Current implementation budget is anticipated to be sufficient to deliver | | acceptance, whichever is greater. |
| | the capability. | | - Within six to nine months (two to three quarters) or |
| Budget | - Current implementation budget may not be sufficient and there is a risk | , | 110-120% of planned period to last major article delivery |
|) | of capability trade-offs to remain within budget. | | acceptance, or of approved re-baseline by MCP-IOC, whichever |
| | Red - Clear indications that the current implementation budget will not be | | is greater. |
| | sufficient; minimum requirements may not be met. | | Red – Over nine months or longer than 120% of planned period |
| | | | to last major article delivery acceptance, or of approved re- |
| | For projects in implementation: | | baseline by MCP-IOC, whichever is greater. |
| | Green - Forecast is to remain within approved Expenditure Authority by | | No change from previous report |
| | employing no more than 50% of the approved contingency. | | |
| | - Forecast is to remain within approved Expenditure Authority by | | Detenoration from previous report |
| | employing more than 50% of the approved contingency. | 3 | • |
| | Red - Forecast is to exceed approved Expenditure Authority including the | | Improvement from previous report |
| | approved contingency ² . | | |

Note 1: The schedule indicator in Yellow or Red will be turned to Green after the Project Approving Authority or Government committee, as applicable, approves a project submission with a new timeline. Between such submission approvals, the indicator in Yellow or Red cannot return to Green, while Red to Yellow is allowed.

Note 2: Refers to the portion of the approved project funding that is budgeted to allow departmental project managers some flexibility managing project risk which could result in unforeseen changes to costs, without re-engaging the project approval process.

s.21(1)(a) s.21(1)(b)

Section Common

DATE: 2017-02-14

PROJECT TITLE: Arctic and Offshore Patrol Ship (AOPS)

PROJECT OBJECTIVE:

To deliver ice-capable offshore patrol ships that will be used by the Royal Canadian Navy to conduct sovereignty and surveillance operations in Cenada's waters, including the Arctic. The Arctic and Offshore Patrol Ship project is acquiring ships, in-service support elements, jetty infrastructures in Halifax and Esquimatt as well as a berthing and fueling facility at Nanisivik. Nunavut.

Since March 2014, five Arctic and Offshore Patrol Ship and Joint Support Ship In-Service Support Industry MOUSTRY ENGAGEMENT ACTIVITIES

PROJECT PRASE: Implementation

PROCUREMENT STRATEGY

The National Shipbuilding Strategy selected irving Shipbuilding incorporated to design and build the Arctic and Offshore Patroi Ship. A separate long term In-Service Support contract to be combined with the Joint Support Ship will be awarded through a competitive process.

ACHIEVEMENTS

Manch 2013. Awarded the Definition contract to Inving Shipbuilding Incorporated, which

Johnson 2015. The government announced the award of the Build contract for the Arctic and

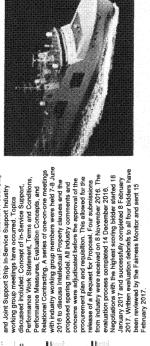
Acide from relating the design to a production-ready state, this included acquiring long lead

Read from relating the design and construction. Also completed were the

September 2015. With the official cutting of steel, the lead ship in the class, the future HMCS

production of its modules for the first shifts with new equipment.

August 2016: With the official outling of steel, the second ship in the class, the future HMCS Margaret Brooke, entered full production.





SOCIO-ECONOMIC BENEFITS

The Industrial and Regional Benefits (IRB) policy is being applied to the Andic and Offshore Petrol Ship Definition and Implementation Contracts. The total IRB obligation is \$2.5 billion, \$5.37 million has been completed to-date and \$1.2 billion is in progress.
Irwing Shipbuilding Inc. has \$12.5 million in National Shipbuilding Strategy Value Proposition obligations, with existing commitments valued at \$11.1 million.

POINTS TO NOTE

Notes/Comments Planned/Actual 2015-09-01 2016-08-25 2013-03-07 2015-01-05 2018 2019 2023 2024 Approved KEY MILESTONES s.69(1)(g) re: (a) s.69(1)(g) re: (c) Initial Operational Capability Full Operational Capability Cut Steel Ship 2 Cut Steel Ship 1 Contract Award Contract Award Project Closeout First Delivery

Hilestone

| | | ISSUE/RISK ASSESSMENT |
|----|-------------------------|-------------------------------------|
| | Area | Previous Current Issue/Risk Summary |
| | Scope | |
| | Schedule | |
| | Budget (Definition) | |
| | Budget (Implementation) | |
| la | Human Resources | |
| Y | Procurement | |
| | RB/ITB/VP | |
| | Technical | |
| | Infrastructure | |
| | ě | |

years, excluding ISS cost)

Personnel, Operations and Maintenance (Dep't estimate over 25

Estimated Life Expectancy (25 years

Major In-Service Support Contract (over 25

Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)

| | Contract Award | | Dorfman Award | i | TOOMY | | Firet Delibrery | Initial Ore-stonal Carability | | | Final Definary | Full Operational Capability | Project Cosecut | |
|------|--|------|---|---|---------------------|------------------|---------------------|-------------------------------|------|------|----------------|-----------------------------|-----------------|----------|
| • | | | | * | Þ | • | * | • | *** | * | * | *** | ** | <u> </u> |
| 2012 | 201 201 201 201 201 201 201 201 2010 | 20.1 | 2 | 2010 | 2 | 802 | e R | 2019 | 0808 | 2021 | 2002 | 8388 | 2024 | - |
| | | | • | | • | • | • | 4 | * | : | * | : | 1 | |
| | | | Cus Sheel Shee 1 and Freel Ceelign Rendere | Cust Stone Strep 2 and Schoolune Re-baseline | Cuts Steent Strap 3 | Out Stope Stop 4 | C)uf 84ees (875g) 5 | Cock Stope 8 | | | | | | |

s.69(1)(g) re: (c)

* *

* :

s.69(1)(g) re: (c)

PROJECT FINANCIAL STATUS (exclusive of GST/HST)

| Costs | Policy-Approved Indicative Cost | Project Tol | Project Total Cost Estimate Expenditure Authority | Expen | Expenditure Authority |
|---------------------|--|-------------------|---|-------------------|-----------------------------|
| | Project Approval With IRMC-Approved Increases Approved | Project Approval | With IRMC-Approved Increases | Approved | Expended to Last Trimester. |
| (Date) | | | | | |
| Acquisition (\$M) | V/V | | | | |
| PMO Cost (\$M) | PMO Cost (\$M) | | | | |
| Contingency (\$M) | Contingency (\$M) | | | | |
| Total fliv Millions | \$ 2,534.0 Public | \$ 3,534.0 Public | K N | \$ 3.534,0 Public | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| Contractor | Deliverable | | Approved Contracting Authority | | Contract Information | S |
|--|-------------------------|----------------|--------------------------------|---------------------|---|-----------------------|
| | | Value (by Milk | ns) Approval Date | Value (by Millions) | Contract Date | |
| BMT Fleet Technology Limited | | | | | 2008-05-07 | |
| Irving Shipbuilding Inc. | Ancillary Contract | | | 8.3 CAD Public | ~ | |
| rving Shipbuilding Inc. | Definition Contract | | | | | |
| Inning Shipbuilding Inc. | Implementation Contract | | | | 2015-01-05 | |
| ansananan agaman agam | | | | | *************************************** | |
| | | | | | | \$ |
| | | | | 5 | | *** |
| Richar Paris in imprame to 2000 to the same because the miles and the profile of the profile of the same to the same | 2 444 | | | | | c 20/4//c) c 24/4//h) |

| by of Defense of the Kingdom of Demank; Minister of ster of Defense of the Kingdom of the Netherlands; the Defense of the United States of America | Name of MoU | MOU Partners | Used for |
|--|--|---|----------|
| | Through the DND Mercury Global Project - Joint Production, Operations and Support of Wideband Global Satelite Communications | ty of the Control of | |
| | | | |
| | | | |
| | | | |
| | | | |

fishore Patrol

ADDITIONAL INFORMATION

Definition Contract. All tasks under the Definition Contract have been technically completed. The Definition Contract will be closed once contract closed once activities are completed. The Definition Contract is expected to remain under budget.

DATE: 2016-02-14

PROJECT TITLE: Canadian Surface Combatant (CSC)

PROJECT OBJECTIVE:

To renew the Canadian Armed Forces surface combat fleet by replacing the capabilities currently provided by the destroyers (troquois-class) and the multi-role partor figates (Halifax-class), and provide the sesociated support and infrastructure. The new Canadian Nature Combat (CSC) vessels will ensure that the Royal Canadian Navy can continue to monitor and defend canadian waters and make aprilicant contributions to international reveal operations.

procurement strategy to presenting the overall economic leveraging strategy. The pre-qualified bidders were briefed on the technical requirements and the Request for Proposals document.

From 2013 to 2018, a series of industry engagements were held covering a wide range of topics from soliciting industry input on Canada's proposed requirements and INDUSTRY ENGAGEMENT ACTIVITIES

PROJECT PRASE: Definition

In October 2016, industry was engaged in another proportunity to review and provide feedback on the draft CSC Definition Subcontract RFP documents to inving Shipbuilding line, and Canada.

PROCUREMENT STRATEGY

As part of the National Shringsy, the combat vessel work package includes the Canadian Surface Combatant ships. The refined procurement strategy was announced in June 2016, which is to competitively select an existing warning design and design team to design the Canadian warships.

ACHIEVEMENTS

October 19, 2011: Announcement that inving Shipbuilding incorporated will build large vessels June 2018: A refined procurement strategy was announced.

August 30, 2016: Re-qualification period closed, yielded the same list of pre-qualified in Canada. January 2015: Irving Shipbuilding Incorporated in Halifax announced as Prime Contractor

May 2015: Procurement strategy ennounced by June 2015: Procurement studie of the June 2015: Assistant Deputy Minister (Reviews Services) completed an infernal audit of the Caradiain Sufface Combinant project to assess the adequacy of the governance processes

and management 8, 2015. List of companies selected under the pre-qualification process for the Caradian Surface Combatant released.

Lanuary 2016. List of companies the statement of an initial Reconciliation of Requirements, a cost to January 2016. Completed the fast phase of an initial Reconciliation of Requirements, a cost to capabilities stude-offs assessment to find the right belance for the May. It is the most recent example of how the Covernment is working with industry to balance the costs to capabilities stade-offs for the CSC. Such trade-offs will continue as the design process is implemented.

The independent Review Panel Defence Acquisitions was briefed.

companies October 27, 2016 - Canadian Surface Combatant Request for Proposals released

SOCIO-ECONOMIC BENEFITS

The Industrial and Technological Benefits Policy will apply to this procurement. Irving Shipyard Inc. and the successful bidder of the definition subcontract will be required to provide benefits to chandle equal to the value of their scope of work. The Value Proposition aims to leverage Canadian delay, argineering, and integration work, provide opportunities for Canadian systems and equipment to be included in CSC design, and promote investments in priority areas.

in addition, the National Shipbuilding Strategy Value Proposition, 0.5 % of the value of the contract, will be applied.

POWITS TO MOTE

Planned dates were approved at the CSC Senior Review Board on September 19, 2016.

Motes/Comments

Planned/Actual

Approved

KEY MILESTONES

Spring 2017

Spring 2017 2016-10-27

2017 2019 2019

> Project Approval (Implementation) Implementation Contract Award

CSC 1st Delivery

Definition Contract Award

Bid Receipt

Request for Proposal Release

Milestone

Fall 2017

2019

2018-10-27

Early 2020s

Mid 2020s

Mid 2020s

The project office is collaborating with Inving Shipbuilding Inc. and internal stakeholders to respond to industry bid clarification resears associated with the Request for Proposals Significant engagement with the applicable governance committees has started and confinues to occur. Every effort is beging applied to reduce schedule risk going forward, without sacrificing the integrity of the competitive selection process of a Total Ship Reference Point design.

| Area | The second second |
|-------------------------|---|
| Schedule | Consumer the completion gap between the completion gap between the completion for and start of construction for a |
| Budget (Definition) | indicates potential National S risk, not project schedule slip |
| Budget (Implementation) | S. M. |
| Human Resources | funding, the project budget is |
| Procurement | huow buesantes and is being monit |

nains critical to minimizing the potential of the Arctic and Offshore Patrol Ship the Canadian Surface Combatant. Yellow Shipbullding Strategy program schedule

e/Risk Summary

s working within authorized levels of sunder review due to mounting flored continuously.

Technical - Further technical requirements reconciliation will be conducted at the beginning of the ship design phase to maximize capability within budget.

Infrastructure

IRB/ITB/VP Technical

Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency) (Under Review)

years, excluding ISS cost)

Personnel, Operations and Maintenance (Dep't estimate over

Estimated Life Expectancy (30

Major In-Service Support Contract (over 30

PHANCIALS

| | | | | | | | | | | | *************************************** | | TNELINE | | |
|------|----|---------------------------------------|------|-------|----------------------|-------------|---------------------|------|---------------------|--|---|-----------------|--|--|---|
| | | | | TODAY | Recuest for Proposes | | Contract Award | | | Contrast Award | | Front Coulterny | | | |
| | * | * * * * * * * * * * * * * * * * * * * | 8 8 | *** | × | * | | * | | ** | • | | | *** | 1 |
| 2012 | 88 | ** | 2016 | 2018 | 2016 | 2017 | 2017 | 2018 | 2010 | | | | 2017 2017 2016 2019 | | |
| • | * | • | • | | | | | : | : | : | : | : | | ** | * |
| | | | | | | Sid Receipt | Definition Contract | | Project Appropriati | Implementation Contract Early 2020s | | 800 | Bild Stevely Conflict Conflict (Conflict) (Treatmentation Conflict) (T | Partition of the property of the partition of the partiti | |
| | | | | | | | | | | | | | | | |

s.20(1)(c) s.69(1)(g) re: (a) s.69(1)(g) re: (c)

Manager Commen

| Project Approval With IRMC-Approved Increases Approved Control Expended to Last Thinester | Policy-Approved Indicative Cost | Project | | Expenditure Au | |
|---|---------------------------------|------------------|------------------------------|----------------|---------------------------|
| | | Project Approval | With IRMC-Approved Increases | Approved | Expended to Last Trimeste |
| | | | | | |
| | | | | | |
| | | | | | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| Contractor | Deliverable | Approv | Approved Contracting Authority | | Contract Information | 8 |
|--|--|--------|--------------------------------|---------------------|----------------------|----------------------------|
| | | 5 | Approval Date | Value (by Millions) | Contract Date | Expended to Last Trimester |
| oggittigt fra transporterist kipatering og er og e I ving Shipbuikling incorporated | Task Based Definition Support Services | | 2015-07-20 | | 2015-07-24 | 2015-07-24 |
| Inring Shipbuilding Incorporated | Task Based Ancillary Contract # 2 | | 2014-10-21 | | 2014-10-24 | 014-10-24 |
| Irving Shipbuikding Incorporated | Task Based Ancillary Contract # 1 | | 2014-08-27 | | 2014-08-27 | |
| | | | | : | | ŧ |
| W W W | | | | | | A A |
| | | 100 | | | | 44. |
| 5 5 | | | | \$ | | į |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| Planked/Potential USE of Mou | | |
|---|--|--|
| Name of MOU | THE TOW | USed for |
| Defence Materiel Cooperation | DoD Australia and DND | Obtain and share information only |
| Navei Surface Vessel Technical and Program Management Support | Navai Surface Vessel Technical and Program Management Support To provide subject matter expert support US DoD / Navai Sea Systems Command (NAVSEA) | To provide subject matter expert support |
| | | |
| | | |
| | | |

ADDITIONAL INFORMATION

s.20(1)(c)

s.21(1)(b)

INDUSTRY ENGAGEMENT ACTIVITIES

×

PROJECT PHASE:

s.69(1)(g) re: (c) s.69(1)(g) re: (a)

PROJECT TITLE: Canadian Coast Guard: Offshore Fisheries Science Vessels DATE: 2017-02-01

Implementation The Canadian Coast Guard is procuring three new Offshore Fisheries Science Vessels (OFSV) to replace CCGS W.E. Ricker (1978), CCGS Affred Needler (1982) and CCGS Teleost (1989) as the primary offshore fisheries science pairform for Fisheries and Oceans Canada Science and the Government of Canada in the following operational areas: North Atlantic, including the Gulf of St. Lawrence and the Labrador Sea; North Parific, and Davis Strata and Baffin Bay.

PROCUREMENT STRATEGY

Under Canada's National Shipbuilding Strategy, Vancouver Shipyards (VSY) was selected through a competitive process to build the country's non-combat vessels.

ACMIENTER PROPERTY.

- milestone dates are found below, in key milestones. Further
- was later acquired by VARD Martio, Design was completed in February 2012.
 In October 2012, Canada entered into contract with VSY in order for the shippinment, commonly in engineering and construction work fense including structure, equipment, systems and comproherins in the CFSV and Ottshore Observagaphic Solotore Vessel delagin packages, with the goal or halling efficiencies and reducing any potential redundant arbitra.
- In February 2013, Canada entered into a contract for construction engineering with VSY to
 commence necessary pre-construction endivides. Engineering work commenced March 2013.
 In January 2014, the procurement of long-lead farms and material contract was signed with
 Lanuary 2014, the procurement of long-lead farms and material contract was signed with
 makerial and read to inflate discussion with potential suppliers and to purchase required
 makerial and equipment.
 The shipbulding contract award signed with VSY on June 18, 2015, Work commenced the
 following day of the first OFSV. Construction commenced for the second OFSV in March 2016
 and on the hirt OFSV in February 2017.

Notes/Comments

KEY MILESTONES

Planned/Actual

Approved

Milestone

SOCIO-ECONOMIC BENEFITS

The Industrial and Regional Benefits (IRB) Policy was applied to contracts, including Construction Engineering, Initial Block, togge Lead Herrs, and Construction contracts. The total IRB obligation for the CFSV project is currently \$4596M, with \$30M completed to date and \$156M in progress. VSY has \$2.5 million in NSS Value Proposition obligations, with existing commitments valued at \$4.2 million. Values are updated amusally.

POWERS TO MOTE

| | 000 | Scope |
|------------------------------------|-----|------------------------|
| | | |
| ery (First OFSV) | | |
| Operational Capability Spring 2018 | | Broken (Dalle History) |
| | | |
| | | Budget (Implentation) |
| 2021 | | Human resources |
| | Pro | Procurement |
| | | RB/TB/VP |

Implementation - Delivery Implementation - Initial O Implementation - Final D. Implementation - Full Op

Implementation - Contrar

| | Area | Previous Contract | | Issue/Risk Summary | |
|--------------------------|-----------------------|-------------------|---|--------------------|---|
| | Scope | | | | |
| | Schedule | | | | |
| | Budget (Definition) | | | | |
| | Budget (Implentation) | | | | |
| | William resources | | | | |
| | Procurement | | | | |
| 6 | MB/TB/VP | | | | |
| 0.700 | 180 mics | | | | |
| desperance of the second | Mfastructure | | | | |
| | Other | | w | | : |

| | | 1) | *** | Į | 1 | • | | Contract Avenue | | | First Delivery | Final Delivery | | hajard Clossout | | |
|------|------|-------------------------|-----|---------------------------------------|-------|--|---|------------------|------------------|---------------------|----------------|--|-----|-----------------|-----|------|
| * | * | ž | : | • | | | * | | | *** | Þ | | | • | *** | *** |
| 2008 | 2008 | 2010 | Ř | Ř | 2 | Sio | 2014 | 2018 | \$100 | 482 | ě | 2008 2009 2010 2011 2012 2010 2014 2016 2016 2016 2019 2000 2021 2023 2030 | 8 | Ä | 282 | 2023 |
| *** | *** | 4 | *** | | • | • | 4 | • | • | • | • | | *** | | ••• | **** |
| | | Contract Award (Daskyn) | | Contract Award (Commonstity Study) | 100 C | Contract Award (Construction (C) (Engineering) | Contract Award (Long-Lond Mental Material | Cut Steal OPSV 1 | Cut Steel OFSV 2 | Cut Steel (OPSV #3) | | Full Operational Capathility | | | | |

years, exchiding ISS cost)

Personnel, Operations and Maintenance (Dep't estimate over

Major In-Service Support Contract (over

Acquisition (includin

Project Closeout PHANCIALS

s.69(1)(g) re: (c)

PROJECT FINANCIAL STATUS (exclusive of GST/HST)

| Costs | Policy-Approved Indicative Cost | Project Tot | Project Total Cost Estimate | | * |
|---------------------|---------------------------------|------------------|---|------------|----------------------------|
| | | Project Approval | Project Approval With IRMC-Approved Increases Approved Expended to Last Trimester | Approved | Expended to Last Trimester |
| (Date) | | | | | |
| Acquisition (SM) | | | | | |
| £ | O Cost (\$M) | | | | |
| Contingency (\$M) | | | | | |
| Total (hy Millions) | 8 887.0 Public | \$ 582.0 Pater. | 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 | 2000 000 m | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| ntractor | Deliverable | Approve | Approved Contracting Authority | | Contract Information | 5 |
|------------------------------|--------------------------|---------------------|--------------------------------|--|----------------------|---|
| | | Value (by Millions) | Approval Date | Value (by Millions) | | |
| Vancouver Shipyards Co. Ltd. | Construction Engineering | | | | | |
| | Shipbuilding | | | | 2015-06-29 | |
| | Long Lead Nems | | | ž. | 2014-01-29 | |
| | mita Bock | | | | 2013-10-02 | |
| | | | | ************************************** | *** | |
| | | *** | | | | |
| | | *** | | *** | | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| Name of MOU MOU between Acquisitions Branch (PSPC) and CCG MOU between Acquisitions Branch (PSPC) and CCG MOU between Acquisitions Branch (PSPC) and CCG NSS Secretariat NSS Secretariat Horizontal Engineering Program Planning Horizontal Engineering Program Planning | | | |
|---|--|----------------|---|
| NSS Secretarial Implementation of NSS Horizontal Engineering Program Planning Horizontal Engineering Program management, engineering and supply chain management | Name of MOU MOU between Acquisitions Branch (PSPC) and CCG | PSPC and CCG | Used for Contracting Authority |
| Horizontal Engineering Program management, engineering and supply chain management and supply chain management | NSS Secretariat | PSPC, DND, CCG | Implementation of NSS |
| | Hortzordal Engineering Program Planning | PSPC, DND, GCG | Horzontal program management, angineering and supply chain management |

ADDITIONAL INFORMATION

· Construction engineering completed January 25, 2017.

· The start of construction for OFSV 3 began February 3, 2017.

s.20(1)(c) s.21(1)(b)

DATE: 2017-02-01

PROJECT TITLE: Canadian Coast Guard - Offshore Oceanographic Science Vessel

PROJECT PRASE: Definition The Canadian Coast Guard is procuring an Offstore Oceanographic Science Vessel (Oceanographic Vessel) to replace CCGS Hudson (1968) is obtest and largest storence vessel. The proposed replacement is sepaced to provide capabilities interinate to brose of CCGS Hudson acting as the primary offstore oceanographic science platform for Fitheries and Oceans Canada Science and the Government of Canada. The vessel will function in the following operational areas: Atlantic, year round, Arctic summer operations, and Culf of St. Lawrence year

PROCUMENCENT STRATEGY

Under Canada's National Shipbuilding Strategy, Vancouver Shipyards Co. Ltd. (VSY) was selected through a competitive process to build the country's non-combat vessels.

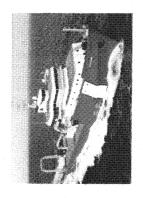
ACMIEVEMENTS

- In October 2010, Canada awarded a design contract to STX canada Marine Inc. (company was leter acquired by VARD Marine). The Coast Guard accepted the design package in November 2011
- In November 2015, Canada awarded a Construction Engineering (CE) contract to VSY to undertake work necessary for construction of the Oceanographic Vessel. The work for Basic Design Assessment (BDA) is completed. Progress continues to be made on the BDA phase dosure report. In October 2012, Canada entered into contract with VSY in order for the shipyard to identify
 commonality in enjathereing and constitution work items including structure, equipment,
 systems and components in the OFSV and OOSV design packages, with the goal of realizing
 efficiencies and reducing any potential redundant efforts.

Since February 2016, a Long Lead item / material contract is also in place for VSY to initiate early discussions with potential suppliers and to purchase material and equipment to build the Oceanographic Vessel.

MOUSTRY ENGAGEMENT ACTIVITIES

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SOCIO-ECONOMIC BENEFITS

The Industrial and Regional Benefits Policy will be applied to the OOSV contract, including Construction and Engineering (CE), and Long-Lead Hems (LLI) contracts. The total of value IRB obligations to dark is \$7.3M. In addition, the NSS Value Proposition equal to 0.05 percent of the value of the resultant contract applies to this procurement.

POINTS TO NOTE

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Notes/Comments

KEY MILESTONES

Planned/Actual

Approved

Milestone

| | ISSUE/NISK ASSESSMENT | s.69(1)(g) re: (c) |
|---|-----------------------|--------------------|
| Area | Previous Current Iss | Issue/Risk Summary |
| | | |
| Schedule | | |
| Budget (Definition) | | |
| Budget (Implentation) | <u> </u> | |
| Human resources | | s.21(1)(b) |
| Procurement | | s 20(1)(c) |
| MB/TB/P | | (5)(-)(5) |
| Technical | | |
| mfastructure | | |
| *************************************** | | |

years, excluding ISS cost)

Acquisition (including Project Management Costs, Infrastructure, Confracts and Contingency)

years)

Personnel, Operations and Maintenance (Dep't estimate over

Major In-Service Support Contract (over

s.69(1)(g) re: (c)

s.21(1)(b) s.20(1)(c)

Summer 2018

2020 2021

Implementation - Full Operational Capability

Project Closeout FINANCIALS

Implementation - Contract Award

Implementation - Delivery

| | 4000 | | | | - | Contrast Amendment | Confract Award | 1 | Pinel Delivery | Full Operational Capability | Project Closescut | | |
|--|---|------|-----|---|---------------------------------------|--------------------|----------------|------|----------------|--|--|--|--|
| | *** | | *** | • | * | b | > | | | • | | *** | *** |
| 2010 2011 2013 2014 2018 2019 2017 2018 2018 2020 ADTI 2022 3023 2024 2028 | 2011 | 2013 | ž | s: 8 | \$102 | 7.82 | 8102 | 2018 | 8 | 2021 | 2022 2023 | 2024 | 2025 |
| | • | | : | • | 4 | 30 M | • | *** | ••• | *** | And the second s | ************************************** | Andrew State of the State of th |
| Contract award (shish) Contract (shish) Contract (shish) (contracting that) (contracting that) (contracting that) (contracting that) | Contract swerd (correnonality study) | | | Contract award (construction engineering) | Contract Assent (Long-based items) | | Cut etend | | | Application of the particular control of the | | | |
| | | | | | | | | | | | | | |

PROJECT FINANCIAL STATUS (exclusive

| | | Project Approval With IF | Ş | Approved | മ |
|---------------------|----|--------------------------|--|----------|---|
| (Date) | | | | | 7 |
| Acquisition (\$M) | 5 | | | | |
| PMO Cost (\$M) | ** | | | | |
| Contingentry (\$M) | | | MARKET TO A STANDARD TO THE ST | | |
| fotal (by Millions) | 1 | \$ 144.4 Public | * | | |

s.69(1)(g) re: (c)

| Contractor | Deliverable | Approx | Approved Contracting Authority | | Contract Information | 5 |
|--|--|---------------------|--------------------------------|--|----------------------|--|
| | | Value (by Millions) | Approval Date | Value (by Millions) | | Contract Date Expended to Last Trimester |
| Seaspan's Vancouver Shipyards Co. Ltd. | Ancillary Task-based | | | 2.8 CAD Public 2014-08-14 | 2014-08-14 | |
| VARD Marine | Ancillary Task-based | | | 1.2 CAD Public 2014-06-22 | 2014-06-22 | |
| Seaspan's Vancouver Shipyards Co. Ltd. | Seaspan's Vancouver Shipyards Co. Lid. | | | 35.5 CAD PUBLIC | 2015-11-15 | |
| Seaspan's Vancouver Shipyards Co. Ltd. | Long Lead Items and Material | | | 2.0 CAD Public | 2016-02-23 | |
| | | | | O XO | | |
| | | | | The state of the s | | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

s.20(1)(c)

s.21(1)(b)

PLANNED/POTENTIAL USE OF MOU

| Name of MOU | onity | National Shipbibilding Strategy (NSS) | Horizontal Engineering Program management, engineering and supply chain management |
|--------------|---|---------------------------------------|--|
| | Confracting authority | Implementation of the NSS | Horizontal progr |
| | | | |
| MOU Partners | | | |
| | | Coast Guard | Coast Guard |
| | PSPC and CCG | PSPC, DND and Coast Guard | PSPC, DND and Coast Guard |
| | rocurement Services - via Acquisition Branch, | | |
| Name of MOU | Master Agreement for the Provision of Projects/Programs Procurement Services - via Acquisition Branch. PSPC. | National Shipbuilding Strategy (NSS) | Horizontal Engineering Program Plan (HEPP) |
| E S | Master Agr | National S | Horizontal |

ADDITIONAL INFORMATION

- Basic Design Development, the second phase of construction engineering, is underway.
 Construction is expected to start in 2018

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

Monoral Colonse

DATE: 2017-02-01

PROJECT TITLE: Joint Support Ship (JSS)

PROJECT OBJECTIVE:

To deliver two Jorit Support Ships, with an option for a third to replace the Canadian Armed Forces' Auditary Oiler Replenishment vessels. The capabilities required of the Joint Support Ships are trudied to the Royal Canadian New, These new ships will entable a haval Task Group to ternain at sea for extended periods of time. These vessels will provide core replenishment expabilities, plus addeed capacity for infried sealth and limited support to operations ashore.

PROCUREMENT STRATESY

Furnishing the selected design to the National Shipbuilding Strategy designated shippard (Seaspan's Vancouver Shippards Co., Ltd.). Canada has selected the military-off-the-shelf BONN (currently in service with the Germany Navy) as the basis for the design.

ACHIEVEMENTS

2013-08: Employing a rigorous interdepartmental selection process including independent 3nd party involvement, the BOM's, a Genama it vessel was selected as the design hosseline. 2014-10: The John Support Ship was sequenced between the Caradian Coast Guard shiply large publicing projects. Offshore Oceanographic Science Vessels and the Coast Guard's Polar Instruenter Project. 2014-08: Seaspan's Vancouver Shipyard Company, Limited was awarded a contract to conduct design reviews, cultinianting in July 50 55 with confirmation that the German ship could be built in the shippard's productor in addition.

Since March 2014, five Arctic and Offshore Patrol Ship and Joint Support Ship In-Service Support Industry IMDUSTRY ENGAGEMENT ACTIVITIES

PROJECT PHASE: Definition

2014-09. Canada acquired necessary design information under license from ThyssenKrupp

Marine Systems Canada.

2015-12: The shippard was awarded a contract to select key equipment needed to enable construction to start on the planned date.

2016-02: The shippard commenced date.

2016-02: The shippard commenced date in the Various the essential modifications to meet canada's requirements and to allow construction in the Various restriction for meet 2016-02: The shippard commenced dategin work to incorporate essential modifications to meet contract. Poth se the first of there instended dealing reviews become Joseph and Production Engineering (D&PE) Contract was awarded to the shippard and work against the first thank. Functional Dealin (FD), is underway.





SOCIO-ECONOMIC BENEFITS

The Industrial and Regional Benefits (IRB) policy is being applied to the JSS Initial design review; long lead items; design and production and explineting, and construction contracts equivalent to 100% of the contract values.

Total IRB obligation; TBD

represent a date; \$0

Impropress; \$0

POWERS TO MOTE

Fragmentation of the design work into multiple contracts and tasks combined with limited furman resources is delaying the approval for additional Long Lead terms (LLI) authorities.

Notes/Comments

Planned/Actual

Approved

Milestone

KEY MILESTONES

The delay will be mitigated through use of existing LLI authorities.

Fall 2018

2017 2021

2021 2021

> 2021 2022

Implementation - Initial Operational Capability implementation - Full Operational Capability

Project Closeout

FINANCIALS

implementation - Contract Award Implementation - First Delivery 2022

2022

years, excluding ISS cost)

Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)

Personnel, Operations and Maintenance (Dep't estimate over 30 Estimated Life Expectancy (30 years of service per vessel

Major In-Service Support Contract (over 30

| Area Previous Current bus or (Definition) or (Implementation) n Resources rement BAP Trocture | | Wanss. | ISSUE/RISK ASSESSMENT |
|--|-------------------------|------------------|--|
| | Area | Previous Current | Issue/Risk Summary |
| | Scope | | Schedule: Challenges in achieving multiple approvals and |
| mentation) reces | Schedule | | contract/task awards have delayed planned construction and delivery dates for these ships. Further delays may occur deneation on the |
| Irces (Inc.) | Budget (Definition) | | progress of the four preceding Canadian Coast Guard ships. |
| The second secon | Budget (Implementation) | | Human Resources: Limited DND procurement specialists resources |
| | Human Resources | | have caused delays in the delivery of the JSS definition work. A response strategy to this HR issue has been implemented to address |
| IRBJITB/VP Technical Infrastructure Other | Procurement | | this shortfall and avoid further delays. |
| Technical infrastructure Other | mantanza | | |
| infastructure | Technical | | |
| in the second se | Infrastructure | | |
| | Other | | |

MALLE (ST SHILLING

| Principle Prin | | | | | | | | | | | | | | | | |
|--|------------------------------|-------------------------------|-----------------------------|----------------------------------|---|---------------------------------------|--|---------------------------------|--------------------------------|-----------------------------|---|----|---|--|-----|----------------------------|
| 200 201 2010 2014 2016 2017 2018 2017 2022 2022 | Pretiminary Photest Approval | Prefiminary Project Agreement | Preiminary Project Approval | Prefindrary Project Approvar | Preference Project Approval | Preferency Project Approval | Effective Project Approve | | First Cashway | Pinar Delboary | Phoject Closecut | | | The second second second | | Market Committee Committee |
| 200 201 2016 2014 2016 2014 2016 2016 2016 2016 2017 2018 2017 2017 2017 2017 2017 2017 2017 2017 | • | b | • | | • | > | • | ** | *** | ** | *** | ** | • | | | |
| The control of the co | 2006 | 900 | 7,00 | 2016 | \$102 | 2017 | 2018 | 2019 | 2021 | 2022 | 2022 | | | | | *** |
| Details from Orders 1 Design information of the Contract American Contract Contract American Contract | | × | • | • | 4 | • | • | • | ** | ** | *************************************** | | | The state of the s | | Andreas decorate services |
| Commission (Commission Commission | | | | | | | | ******************************* | | | ********************** | | | × | *** | *** |
| | | | Contract Award | Long Lead Hems Contract Award | Deelgn and Production Engineering Contract Award | Long Lead Items Contract Amendment | Correttnetton Continues Award & JSS-1 Cut Sheet | 355-2 Cut Steel | influid Operational Capability | Full Operational Capability | | | | | | |
| | | | ~~~ | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
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n on

s.20(1)(c)

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

| Project Approval With IRMC-Appro | ost Estimate | Expenditure As |
|----------------------------------|------------------------------|-------------------------------------|
| | With IRMC-Approved Increases | Approved Expended to Last Trimester |
| | | |
| | | |
| | | |
| | | |
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| | | |
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| | | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSPC.) (inclusive of GST/HST.)

| Contractor | Deliverable | Approved | Approved Contracting Authority | | Contract Information | |
|--|--|---------------------|--------------------------------|---------------------|----------------------|----------------------------|
| | | Value (by Millions) | Approval Date | Value (by Millions) | Contract Date | Expended to Last Trimester |
| BMT Fleet Technology Limited | Contract Design | | 2010-06-01 | | 2002-12-11 | |
| Lloyds Register Classification Review of the Contract Design | Classification Review of the Contract Design | | 2012-05-12 | | 2005-12-23 | 2005-12-23 |
| ThyssenKrupp Marine Systems Canada | Design studies and design development | | 2010-06-01 | | 2012-01-18 | |
| Seaspan's Vancouver Shipyands Co. Ltd. | Support to design development | | 2010-06-10 | | 2012-08-08 | 2012-08-08 |
| Seaspan's Vancouver Shipyards Co. Ltd. | Initial Design Review | | 2015-06-11 | | 2014-07-25 | |
| Seaspar's Vancouver Shipyards Co. Ltd. | Long Lead Items | | 2015-12-14 | | 2015-12-17 | 2015-12-17 |
| Seaspan's Vancouver Shipyards Co. Ltd. | Design & Production Engineering | | 2016-08-22 | | 2016-12-16 | 2018-12-16 |

Note: Cost numbers in SMEEV have been released to the public; numbers in RED not.

PLANNED/POTENTIAL USE OF MOU

| | MOU Partners | | Used for |
|--|---|--|--|
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| | | | |

ADDITIONAL INFORMATION

DATE: 2017-02-01

Canadian Coast Guard: Polar Icebreaker PROJECT TITLE:

PROJECT OBJECTIVE:

The Polar Icebreaker will replace Canada's largest and most capable heavy icebreaker, CCGS Louis S. St-Laurent (1989). The Polar Icebreaker, will be a modern, multipurpose cebreeker capable of unrestricted autonomous operations in the Canadian Arctic and adjacent vaters for an extended (9 month) operational season each year. The enee of operation includes all Arctic Waters Pollution Prevention Act Shipping Control Zones plus all natural extensions of Canada's Exclasive Economic Zone.

PROCUMENTENT STRATEGY

Under Canada's National Shipbuilding Strategy, VSY was selected through a competitive process to build the country's non-combat vessels.

ACHIEVEMENTS

In October 2013, the decision was made under the National Shipbuiking Striategy to sarquence the Polari rebranks nopiced as the fourth procurement to occur at VSY (following the Royal Canadian Navy's John Support Ship project).

In November 2011, Canada awarded the design contract to VARD Marine for the Polar

In March 2014, the final Construction Specification and Design Package was delivered.
 Storicy after, the final of three deflated design stages was completed by VARD Marine, including an appraisa by Loyd's Register. VARD Marine remains engaged in ongoing design maintenance and technical risk mitigation work, albeit at a reduced pace.

INDUSTRY ENGAGEMENT ACTIVITIES

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Definition

SOCIO-ECONOMIC BENEFITS

Industrial and Regional Benefits (RB) equivalent to 100% of all contract values will be applied to this project. This information is updated annually. The industrial and Regional Benefits Policy will be applied to the Polar Icebraaker project, in addition, the NSS Value Proposition equal to 0.05 percent of the value of the resulfant contracts will apply to this procurement.

s:69(1)(g) re: (c) POINTS TO MOTE

s.69(1)(g) re: (c)

KEY MILESTONES

Planned/Actual

Approved

Milestone

s.21(1)(b)

s.20(1)(c)

2022

Implementation - Full Operational Capability

Project Closeout

Implementation - Contract Award

Implementation - Delivery

s.69(1)(g) re: (c)

The 2013 The

| | | | ISSUE/MISK A | ISSUE/RISK ASSESSMENT |
|-------------|--|------------------|--------------|-----------------------|
| | Area | Previous Current | | Issue/Risk Summary |
| Scope | Scope | | | |
| Schedule | * | | | |
| Bridge | Budget (Definition) | | | |
| 9 9 8 | Sudget (Implentation) | | | s.69(1)(g) re: (c) |
| Human | Human resources | | | |
| Procur | Procurement | | | |
| BB/ITB/VP | * | | | |
| Technical | | | | |
| hfrast | mfastructure | | , | |
| | A MARINE THE PROPERTY OF THE P | | | |

| THELINE THELINE THE LINE THE L |
|--|
| TIMELINE Contract Award Contract Award Final Delivery Full Consistent Capation Contract Award Final Delivery Full Consistent Capation Capa |

years, excluding ISS cost)

Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)

FINANCIALS

years)

Personnel, Operations and Maintenance (Dep't estimate over

Major In-Service Support Contract (over

s.69(1)(g) re: (c)

202 *

> 2028 :

2025 * :

Cut Shad

Contract Asset (Constitution Engineering)

Project Clossout

| Costs | Policy-Approved Indicative Cost | Project Total | Total Cost Estimate | | Expenditure Authority |
|-------------------|---|--|--|--|--|
| | | - | With IRMC-Approved | | Increases Approved Expended to Last Thrrester |
| (Date) | | | | | |
| Acquisition (\$M) | 4 | TO THE CONTRACT OF THE CONTRAC | the contract of the contract o | | 0. |
| PMO Cost (SM) | *************************************** | NO. | 3.69(1)(g) re- | A CONTRACTOR CONTRACTO | s.69(1)(g) re: (c) |
| Contingency (\$M) | \$ | ** | | The second of th | We will be a second of the sec |
| Total Dy Millions | \$ 8000 0 1008 | 3800,0 Public | \$ 1,297.8 Public | | |

Note: Cost numbers in CREEN have been released to the public; numbers in RED not.

CONTRACTS FINANCIAL STATES (This section is to be undated in consultation with PSPC.) (inclusive of GS

| CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSPC) (inclusive of CS | On With PoP.C. (inclusive of Go 1/Hols) | | | | | |
|--|--|---------------------|--|--|--|----------------------------|
| Contractor | Deliverable | Appro | wed Contracting Authority | | Contract Informat | ā |
| | | Value (by Millions) | Approval Date | Value (by Millions) | Contract Date | Expended to Last Trimester |
| VARD Marine Inc. (Design Services Contract) | Detailed Contract Design Pkg / Const. Spec. | | | | 2015-04-12 | |
| Vancouver Shipyards - Ancillary Task Authorization Contract (Expired 31 Mar 2016) Task based - 9 tasks awarded | Task based - 9 lasks awanded | | | 3.8 CAD Purel | | 5 |
| | | (pr. | | ı | | ٤ |
| | The second secon | | .69(1)(| A AND AND AND AND AND AND AND AND AND AN | | g) re: (c) |
| and design to the second of th | 101 m 1 m 1 m 1 m 1 m 1 m 1 m 1 m 1 m 1 | *** | at the state of th | The state of the s | | *** |
| | | 300 | | | The second secon | |
| | | | | | | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

PLANMED/POTENTIAL USE OF MOU

| Name of NOU | | 1880 for |
|---|----------------|--|
| Master Agreement for the Provision of Projects/Programs Procurement Services - via Acquisition Branch. PSPC and | PSPC and CCG | Contracting Authority |
| ೦ ಇನ್ನ | | |
| | | |
| National Shipbuilding Strategy (NSS) | PSPC, CC6, DND | National Stripbuilding Strategy (NSS) |
| Horizonial Engineering Program Plan (HEPP) | PSPC, CCG, DND | Horizontal program management, engineering and supply chain management with Vancouver Shipyards. |
| Polar (cabreaker Project Annex No. 1 to CAN-US MOU for Cooperation in Ship Design and Construction CCG, USC | cce, usca | Polar croedeteker Priest Annex No. 1 to CAN-US MOU for Cooperation in Ship Design and Construction CCG, USCG |
| | | • |

ADDITIONAL INFORMATION S.69(1)(y) re: (a)

s.20(1)(c) s.21(1)(b)

Section Determined

DATE: 2017-02-13

PROJECT TITLE: Fixed-Wing Search and Rescue Aircraft Replacement Project (FWSAR)

PROJECT OBJECTIVE

To replace the capability provided by the current fixed-wing SAR fleets of CC-115 Buffalo and CC-130H Hercules aircraft by acquiring new, sensor-equipped aircraft with long-term in-service PROJECT PRASE: Implementation

MIDUSTRY ENGAGEMENT ACTIVITIES

PROCUREMENT STRATEGY

Competitive Request for Proposal using a best value procurement strategy

ACHIEVEMENTS

31 March 2015. The Request for Proposal was released and included a value proposition

December 2011; The FWSAR Project Management Office was re-established

strategy.

11. January 2016: The Request for Proposal closed with three bidders submitting six proposals.

25. March 2016: The first Ground and Flight evaluation was completed.

26. May 2016: The first Ground and Flight evaluation was completed.

1 June 2011: The bid evaluation was completed.

contract awarded to Airbus Defence.

s.69(1)(g) re: (c)

s.69(1)(g) re: (a)

To reduce risks to both the Government of Canada and OB Biddest, the following inclusive organisment activities occurred between December 2011 to March 2015 before the release of the final Request for Proposal; conducted two inclusive days with over 200 perticipants asch, seven multi-day one-on-one meetings with each industry team, and aght helphonewideo conferences, all RFP documents were released to inclusify for review and comments were released to inclusify for review and comments were released to inclusify for review and responses were received; conducted alte visits of the four Responses were received; conducted alte visits of the four Resource Coordination Centre, and produced and distributed a video showing a day in the life of a search requirements.



SOCIO-ECONOMIC BENEFITS

The Industrial and Technological Benefits policy was applied to both the Acquisition and In-Service Support parts of the contract. The PWASA N faller bytosiblion leveraged Canada's strong defence and commercial aerospace capability by motivating activities focused on supplier development, research and development, partnering with a Canadian ISS Integrator for domestic support, and enabling global ISS opportunities through access rights to Intellectual property and technical data.

POINTS TO NOTE

Notes/Comments

Planned/Actual

Approved

KEY MILESTONES

2015-03-31 2016-01-11 2016-06-01 2016-12-01 2019 2020 2022 2023

Fall 2016

2019 2020

> Implementation - Initial Operational Capability implementation - Full Operational Capability

Project Closeout

PHARMORALS

Implementation - Contract Award Implementation - First Delivery

Bid Evaluation Complete

Request for Proposal Release Request for Proposal Close

Milestone

30 Jan - 3 Feb 2017: Kickoff and User Requirement Review was held. The System Requirement Review will be held at the end of March 2017.

| | | ISSUE/RISK ASSESSMENT |
|-----|-------------------------|-------------------------------------|
| | Area | Previous Current Issue/Risk Summary |
| | Scope | |
| | Schedule | |
| | Budget (Definition) | |
| | Budget (Implementation) | |
| 1 | Human Resources | |
| e e | Procurement | |
| 1 | IRB/ITB/VP | |
| 2 | | |
| | | |
| | 460 | |

VALUE (BY MILLIONS)

Acquisition (including Project Management Costs, Infrastructure, Contracts, and Contingency) (includes Definition, Transition ISS & AWRs)

years, excluding ISS cost)

Personnel, Operations and Maintenance (Dep't estimate over 30

Estimated Life Expectancy (30 years

Major In-Service Support Contract (over 20

| The state of the s | | | | | | | | | | | | | | | |
|--|-----|------|---|---|---------------------------------------|------|----------------------------|--|---|-----------------------------|--|-----|--|------------------------------|---|
| | | | Table or the Control of the Control | Contract Assauct | Today | | Piret Delivery | Inflat Operational Capability | | Full Operational Danability | Project Consent | | | | |
| * | • | | | > | | * | • | • | ** | | > | *** | | | Management . |
| 2012 | 818 | 2014 | 2012 2016 2018 | 2016 | 250 | 2016 | 9 8 | 3020 | 2021 | 2022 | 202 | *88 | 2016 2019 2020 2021 2022 2003 | | • |
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PROJECT FINANCIAL STATUS (exclusive of GST/HST)

Expended to Last Trimester Expenditure Authority Approved With IRMC-Approved Increases Project Total Cost Estimate Project Approval Policy-Approved Indicative Cost

s.20(1)(c) s.69(1)(g) re: (a) s.69(1)(g) re: (c)

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| Contractor | Deliverable | | Approved Contracting Authority | | | Contract Informati | F |
|--|-------------|---------------------|--|--|--------|--------------------|----------------------------|
| | | Value (by Millions) | Approval Date | value (by Millions) | | Contract Date | Expended to Last Trimester |
| Address Conference and States | | · . | | 2747 0 CAD | ě | 2016-12-01 | |
| FIRMS DECOMES AN EXPONENTIAL TO THE PROPERTY OF THE PROPERTY O | | | | Z.848.5 CAD | Public | 2016-12-01 | ž |
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Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

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|---------------|-------------|-------------|----------|
| | Name of WOU | NOU Parmers | Used for |
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ADDITIONAL INFORMATION

Market Consumer Statement Consumers Statement Statement

DATE: 2017-02-10

PROJECT TTLE: Marklime Helicopter Project (MMP)

PROJECT OBJECTIVE:

The Martime Helicopter Project involves the delivery of 28 state-of-the-art, combat-capable CH-148 Cyclone helicopters, associated togistical and in-service support, spare parts, as well as modifications to the Helifax-class ships and construction of a new training facility equipped with a full training suite of flight, mission and maintenance simulators.

PROCUREMENT STRATEST

Competitive Solicitation of Interest and Qualification followed by a Request for Proposal

ACHIEVEMENTS

• On 4 December 2016, the 10th of 28 aircraft was formally accepted. It is the 4th to be delivered in the CR 1.1 configuration.

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

CH148 first flight took place in November 2008.
 Contract Amendment 004 signed on 18 June 2014 defined and implemented a blocking

strategy for helicopter delivery.

**Six Block 1 alternative redelivered in June, 2015. Two Capability Release (CR) 1.1 aircraft delivered LO Deember 2016

**Contract Amendment 0015 algored 28 January. 2016 includes an increase in the number of CR 1.1 Cyclones being delivered to the Royal Canadian Alf From 1.1 Cyclones being delivered to the Royal Canadian Alf From 1.1 The Index Shiphelicopter and Operating Limits (SHOL), testing was conducted from January to April. 2019 on MANCS HALIFER.

**Contract amendment 011 algored on 17 November 2016 defines a new approach to training devices to improve training throughput.

INDUSTRY ENGAGEMENT ACTIVITIES

industry engagement was conducted prior to the Request For Proposal being published in December, 2003.

PROJECT PRASE: Implementation



SOCIO-ECONOMIC BENEFITS

The Industrial and Regional Benefite (IRB) Policy was applied to the Acquisition and In-Service Support contracts. Total IRB obligation for Acquisition is 2,048, 2,048 completed to date and \$0 in progress Total IRB In-Service Support is \$2,78, \$1,38 completed to date and \$1,18 in progress "Values are updated annuals".

POINTS TO NOTE

Mates/Comments

Planned/Actual

Approved

Request for Proposal Release Request for Proposal Close

Bid Evaluation Complete

KEY MILESTONES

2003-12-17 2004-05-14 August 2004

2004-11-23 2014-06-18 2015-06-19 June 2018 April 2018 2025

Spring 2015

June 2018

× XX

implementation - Initial Operational Capability implementation - Full Operational Capability Implementation - First Delivery Black 2 Implementation - First Delivery Block 1 Implementation -- Contract Award Schedule/Contract Rebaseline

Project Closeout

FINANCIALS

| The last Deputy Ministers Governance | |
|---|--|
| Committee was held on 9 December 2016, the next one is scheduled for February 2017. | ISSUE/RISK ASSESSMENT |
| | Area Previous Current Issue/Risk Summary |
| | Scope |
| ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | Schedule |
| | Budget (Definition) |
| | Budget (Implementation) |
| WALVE OF MILLORS | |
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| Section 1 | |
| | |
| | Infrastructure |
| | Other |

Winter 2022

Winter 2022

years, excluding ISS cost)

Personnel, Operations and Maintenance (Dep't estimate over

Major in-Service Support Contract (over 25

Estimated Life Expectancy (25 Years minimum

Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)

| Predminary Project Approval Effective Project Approval | Effective Project Approval | | | | Contract Amendment | Float Derbrary | , | TODAY | Inflat Operational Capability | Participant of the control of the co | | Final Delinery | Project Comment | | 6.4 American Section 1997 |
|--|----------------------------|--|---|-----|--------------------|----------------|------|-------------------|---|--|------|----------------|-----------------|-----|---------------------------|
| > | > | • | *************************************** | • | > | • | • | * | • | | * | | • | | |
| 2002 | 800 | | 2008 | | *** | 2018 | 2016 | 2017 | 2018 | 2009 2004 2008 2014 2016 2017 2016 2019 2009 2001 | 2020 | 2021 | 3003 | | |
| * | • | *************************************** | • | *** | • | 888 | • | • | *************************************** | | **** | | - | | CZNCO |
| | Continued savard | Commission in the commission of the commission o | Revised EPA | | | | | 7 CR 1.1 Delivery | 1et Childreny Shock 2 | 7.00 (1.00 key 11.00 key) 11.00 k | | | • | *** | • |
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s.20(1)(c) s.69(1)(g) re: (a) s.69(1)(g) re: (c)

| Costs | Policy-Approved Indicative Cost | Project Total | Cost Estimate | Expend | Itura Authority |
|--------------------|---|---|---|---|----------------------------|
| | | Project Approval | Project Approval With IRMC-Approved Increases Approved Expended to Last Trimester | Approved | Expended to Last Trimester |
| (Date) | 3 | | | | 2016-11-30 |
| Acquisition (\$M) | NA \$ 2,835.0 Pight NA \$ 2,835.0 Pight | *2.835.0 Passic | ¥ _N | \$ 2,825.0 Purelic | |
| PMO Cost (\$M) | NA \$ 259.9 Page: NA \$ 259.9 Page: | \$ 2000 Public | N/A | \$ 200.0 Public | |
| Contingency (\$M) | ¥N. | \$ 130.0 Public | ×2 | \$ 1300 Puttik | |
| ofal for Millions) | 8.3.19.0 Public 8.3.17.6.0 Public NA 8.3.17.6.0 Public NA | 2 C 4 C C C C C C C C C C C C C C C C C | A W | 8 2 1 2 8 2 8 2 8 2 8 2 8 2 8 2 8 2 8 2 | |

Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| Contractor | Deliverable | Approved | Approved Contracting Authority | | ö | LO |
|--|--|---|--|--|---|--|
| | | Value (by Millions) | Approval Date | Value (by Millions) | | Expended to Last Tr |
| Skorsky (Acquisition of 28 Maritime Helicopters) | 28 Maritime Helicopters | | 2014-06-05 | 1,000 Z CAD Public | 2016-07-22 | |
| Skorsky (in service support) | | | 2014-06-05 | 2014-08-05 2016-12-22 | 2016-12-22 | |
| Curtiss-Wright Indal Technologies (C-RAST) 12 sets of C-RAST equipment and | 12 sets of C-RAST equipment and 2 spares | | 2008-12-11 | 2008-12-41 | 2004-06-17 | |
| | | W. A. | AND WARE THE TAXABLE CONTRACTOR OF THE PROPERTY OF THE PROPERT | and the second s | | AND THE RESIDENCE OF THE PROPERTY OF THE PROPE |
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Note: Cost numbers in GREEN have been released to the public; numbers in RED not.

| PLARMED/POTENTIAL USE OF MOU | | |
|--------------------------------|---|---------------------------|
| Name of MOU | Name of MOU | Leg Death |
| Assessment of Air Wake Quality | DNDARC | To share information only |
| MHP/PSPC Fiscal Year 18-17 | MHPISPC Fiscal Year 16-17 To procure for project | To procure for project |
| | | |

ADDITIONAL INFORMATION

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| CONTRACT TILE: | Arctic Offshore P | atrol Ship | (AOPS) and Jo | int Support Ship (JSS | Arctic Offshore Patrol Ship (AOPS) and Joint Support Ship (JSS) In-service Support (AJISS) | F | INDUSTRY ENGAGEMENT | |
|--|--|-------------------------|------------------------------|--|---|----------|--|---|
| 335 | February 13, 2017 | , 2017 | | PHASE | Ongoing Operations | T | Significant Industry engagement was | • |
| OBJECTIVES; | | | | | | | carried out from 2012 to 2016. | |
| The contract consists of the provision of in-service support to the Royal Canadian Navy (RCN) for tw naval ships that include the Arctic Offshore Patrol Ships (AOPS) and the Joint Support Ships (JSS). | f the provision of in the Arctic Offshore | Service su Patrol Sh | pport to the Roips (AOPS) an | yal Canadian Navy () d the Joint Support SI | The contract consists of the provision of in-service support to the Royal Canadian Navy (RCN) for two new classes of naval ships that include the Arctic Offshore Patrol Ships (AOPS) and the Joint Support Ships (JSS). | | Engagement included an initial Industry Day, two webinars, and five joint industry/government working group meetings which were associated | |
| PROCUREMENT STRATEGY: | TEGY: | | | | | 5 | with individual one-on-one meetings | |
| AJISS is a competitive Request for Proposal (RFP) that used an administrat is based on a Technical and Relational rated criteria using the AHP method | Request for Propos and Relational rate | ed criteria | at used an adusing the AHP | ministrative two- step methodology, (see ac | AJISS is a competitive Request for Proposal (RFP) that used an administrative two- step evaluation process. Evaluation is based on a Technical and Relational rated criteria using the AHP methodology. (see additional information below) | r Gi | between interested suppliers and Canada's procurement team, (see additional information below) | |
| ACHIEVEMENTS: | | | | | | | , | |
| RFP closed November 8, 2016 with 4 Bids received. | 8, 2016 with 4 Bids | received. | | | | | | |
| The Technical and Rela | itional Evaluation contract | ompleted of | in 14 Dec 16, e | artier than planned. | The Technical and Relational Evaluation completed on 14 Dec 16, earlier than planned. Bidders' notified of ranking on 21-Dec-16. Highest Ranked Ridder invited to penalists specific Financial Terms 21-Dec-16. Novelistions begins to less | E 0 | | |
| 17 and completed 8-Feb-17 (22 days later). | o-17 (22 days later) | | | | | | SOCIO-ECONOMIC BENEFITS | |
| KEY MILESTONES: | | | | | | Z | minum comment to achiving 1185 R | minimum comment to achiving IIB's is valued at 100% of the contract value. |
| Milestone | | Planned | Actual | Jon | Notes/Comments | | Collidationally, all work must be carried out in Canada unless the ship is | Mr in Canada unless the ship is |
| Industry Engagement | | | 29-Oct-12 | Industry Engagment | Engagment went from October 2012 to | Π | deployed overseas. | |
| Procurement/Sustainment Strategy A | ant Strategy A | | | | | | POINTS TO NOTE | |
| Request for Proposal Posted | | | | | | <u> </u> | he initial duration of the contract is 8 v | The initial duration of the confract is 8 years with ontional extensions for un to 35 |
| Request for Proposal Closed | | 25-Oct-16 | 8-Nov-16 | | | <u> </u> | sars with a 2-year close-out period. Ca | years with a 2-year close-out period. Canada intends to maintain a rolling 5-year |
| Contract Authority | | 92.59 | 14-Dec-16 | | | . 0 | contract period throughout the life of these vessels by exercising optional | se vessels by exercising optional |
| | | | | | | 4 | extensions of one or more years in length | |
| Initial Operational Capability | | 1-Dec 19 | | | | | Area Designe Design | |
| Full Operational Capability | | 1-Dec-27 | | | ٠ | Ľ | | III Issue/Kisk Summary |
| Contract Expiration | 31 | 31-Mar-54 | | | | | Human Resources | |
| FINANCIAL S mimbers in GREEM about hale has released to the number in GEF have not been independent | | | | | | | Procurement | |
| Acquisition (including Project Management Costs, Infrastructure, Contracts, and Continuency) | olect Management | Costs In | S entirities | of the continued of the | 1 | Ī | No. 190 | |
| Major In-Service Support Contract (over | d Confract (over | 35 Vears) | | | <i>\</i> | # | | |
| Personnel, Operations and Maintenance (Dep't estimate over | d Maintenance (Der | o't estimate | | vears, excluding ISS cost) | | ₩ | a manual and a second | |
| Estimated Life Expectancy | 1cy (35 | | | | | T | Other | |
| <u> </u> | | | | Today | | | | |
| | | .4 | | Neguros O Evalua | Kequest for Proposal Closed Evaluation Complete | | | |
| | | € \$ | | Procu Co | Procu Contract Authority Strategy Appro Contract Award it when the | | | |
| | | | | - Sustain | Sustainment Initiative applies) | ~ | *************************************** | |

| 4500 | Policy-Approved | Total Cost Estimates | Expenditure Authority |
|------------------|------------------------------|----------------------|------------------------------------|
| | Indicative Cost | L | Approved Expended to Last Trimasta |
| Date | (See Additional Information) | ı | |
| (Cquisition (SM) | | | |
| POM Cost (SM) | | | |
| ontingency (\$M) | | | |

Full Operational Capability 2029

2027

2028

2023

2024

◇ 2017 2019 controlled

2015

2013

2011

2009

Initial Operational Capability

100°

| CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSPC) (inclusive of GST/HST) | is section is to be updated in consulta | ation with PSPC) (inclusive of GST/H: | (51) | | | |
|---|---|---|---|-----------------------------|--|--|
| | Collegenda | Approved Contracting Authority | Authority | | Contract Information | mation |
| | | Value (by Millions) | Approval Date | Value (by Millions) | Contract Date | Expected to Last Trimester |
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| To be completed after | | CAD | | CAD | | CAD |
| Contract award | | CAD | š | CAD | | QY . |
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| PLANNED POTENTIAL USE OF MOU | | | | | | |
| Name of MOU | ou | Ō₩ | MOU Partner | | | Used for |
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| ADDITIONAL INFORMATION | | | de la constant de la | se so se passa seile loni e | i de la companya de l | |
| Procurence organisms of the contents | | and a financial proposal or required ration is aregones incoding many up on energient work. | | | | olinitation described by the best seen |
| instrumental in the development of the RFP that is to be posted for competition. | RFP that is to be posted for com | ompetition. | | | | |

Alanna Jorgensen

DND Project Mar.:

Budget: PSPC is seeking Contracting Authority approval for AJISS. The Vote 1 Operations and Maintenance (National Procurement) funding in DND is provided through the annual integrated business planning process which includes National Procurement Oversight Committee (NPOC) governance.

DND Tech. Dir.

Dave Hatheral

PSPC Proc. Dir.

Matthew Crawley

PSPC Responsible DG

the approvals

The approval mechanism used for AJISS was based on the Defence Procurement Strategy (DPS) utilisation of a tri departmental DG lead Governance committee with Records of decision documenting

Points of Note Continued: The exercise of an optional extensions will be at the discretion of Canada and will take into consideration contractor performance as measured through key performance indicators and operational requirements. If Canada chooses not to extend the Contract period due to poor Contractor performance indicators, as soon as, in Canada's opinion, the Contractor's

performance improves . Canada may concurrently exercise an optional extension of one or more years to preserve the five-year contract period.

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s.20(1)(c)

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

| | Approved Contracting Au | Approved Contracting Authority | Authority | | Contract Information | mation |
|-----------------------|---------------------------|--------------------------------|---------------|---------------------|----------------------|----------------------------|
| Contracto | | Value (by Millions) | Approval Date | Value (by Millions) | Contract Date | Expected to Last Trimester |
| | First Milestone | CAD | | CAO | | CAD |
| | Second Milestone | CAD | | CAD | | CAD |
| | Third Milestone | CAD | | CAD | | CAD |
| To be completed after | Fourth Milestone | 25 | | CAD | | CAD |
| Contract award | Fifth Milestone | OS . | | CAD | | CAD |
| | AWR / Design Modification | ago | | CAD | | CAD |
| | | QAD | | CAD | | QYO. |

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

| | | | Mr. Louis Saucier |
|-------------|--|------------------------|--|
| Used for | | | Commander Jacob French DND Project Mgr.: |
| | | | |
| MOU Partner | | | la DND Tech. Dir.: |
| | | | :: Mr. Nicolas Nabaa |
| | | | ev IPSPC Proc. DIr. |
| Name of MOU | | NO | Mr. Matthew Crawley |
| Name of M | | ADDITIONAL INFORMATION | DAPO Responsible DG: |

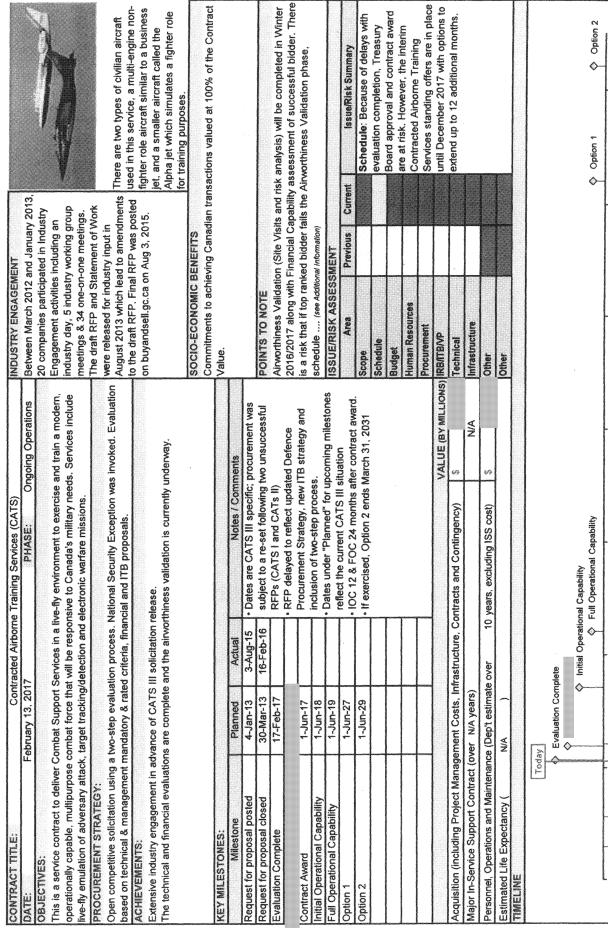
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s.69(1)(g) re: (a) s.69(1)(g) re: (c)



2029

2027

2023

2049

Contract Award

2017

2012

Request for proposal closed

Request for proposal posted

Ilic Services and

Services publics et Approvisionnement Canada

Expended to Last Trimest Š ۷ X ≤ Z Š Expenditure Authority Approved With IRMC-Approved increases Total Cost Estimates Approval Policy-Approved Indicative Cost BUDGET (exclusive of GST/HST) Contingency (\$M)

Total (by Millions) POM Cost (\$M) Acquisition (\$M) Costs Date

s.69(1)(g) re: (c) s.69(1)(g) re: (a)

Note: Cost numbers in GREEN above have been released to the public; number in RED have not been released.

Expected to Last Trimester Contract Information (by Millions) Contract Date S S 80 8 SPO 80 Q Q Q 8 S 8 8 Value Approval Date Approved Contracting Authority CONTRACTS FINANCIAL STATUS (This section is to be updated in consultation with PSPC) (inclusive of GST/HST) S O B SP S 8 8 S 8 80 CAD CAD Value (by Millions) Deliverable Add. Work Requirements Performance Incentives Add. Training Events Additional Aircrew Cancellation Fees Training Services Standby Aircraft fravel & Living Ferry Fue To be completed after Contract award Contractor

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Note: Cost numbers in GREEN above have been released to the public, number in RED have not been released.

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| PLANNED POTENTIAL USE OF MOU | Name of MOC | Oversight of Civilian Operators and Aircraft Contracted to Conduct | Military Operations for DND |
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ADDITIONAL INFORMATION

POINTS TO NOTE: ... will need to be adjusted to account for time to conduct same Airworthiness Validation for second ranked bidder. The interim Contracted Airborne Training Services standing offers expire in December 2017 with options to extend for 12 additional months.

BUDGET: Information based on a contract award in FY17/18 for a 10 year contract period plus 4 one-year options. The IRMC value is negative due to an \$8M reduction in FY17/18 and FY18/19.

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Fisheries and Oceans Canada

Pêches et Océans Canada

Garde côtière canadienne

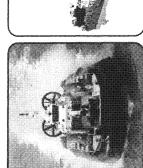
Canadian Coast Guard

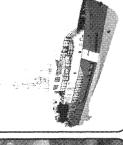
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Confidence of the Queen's Privy Council

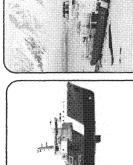


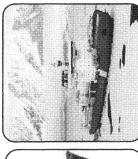
Safety First, Service Aways











Procuring Coast Guard's Fleet for the Future

Deputy Minister Governance Committee - March 10, 2017 FOR INFORMATION

Document Control Recipient #27 Package: 90

Date of Delivery: MAR 0 8 2017

Canada

Pages 241 to / à 248 are withheld pursuant to sections sont retenues en vertu des articles

21(1)(b), 21(1)(a)

Page 249 is withheld pursuant to sections est retenue en vertu des articles

21(1)(b), 21(1)(a), 69(1)(g) re: (a), 69(1)(g) re: (c)

Page 250 is withheld pursuant to sections est retenue en vertu des articles

21(1)(b), 21(1)(a)

Defence Procurement Strategy

Stratégie d'approvisionnement

en matière de défense

Status of Action Items Requested by the Deputy Minister Governance Committee

✓: Task completed.

 \bigcirc : Item expected to be completed within 3 months of the decision.

: Item expected to be completed between 3 and 6 months of the decision.

: Item expected to take more than 6 months of the Governance decision. : Item an ongoing requirement.

| Status | 0 | 0 | | 0 | | |
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| OPI | 900 | PSPC ADM (AB) | | DPSS | • * * * * * * * * * * * * * * * * * * * | |
| Notes | Progressing CCG to coordinate in advance of a special DMGC. CCG committed to preparing a paper, in consultation with VSY, which will outline the problem, the mitigation options | Progressing. | It was confirmed by ADM PSPC (AB) that no validation has been completed yet and that one will be initiated by PSPC | Progressing. | A special DMGC on OOSV-OFSV to be arranged to reach a final decision on the way forward | |
| Action Items | Prepare a written outline in consultation with VSY of the problem statement, mitigation options and recommendations to DMGC. | 2. Facilitate 3rd party validation of VSY costs. | | 3. Coordinate a Special DMGC. | | s.69(1)(g) re: (a) |
| Agenda Item | OFSV-OOSV Gap Analysis Update | | | | | |
| Committee | | DMGC | February 10, 2017 | | | |

Stratégie d'approvisionnement en matière de défense

Defence Procurement

Strategy

| Status | 0 | 0 | | 0 | 0 | 0 |
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| Ido | DPSS and CCG | PSPC Communications in partnership with PSPC ADM (AB) | ISED | PSPC ADM (AB) in partnership with PSPC Communications | Non-Combat Executive Governance Committee | PSPC ADM (AB); support from CCG/ADM DND |
| Notes | | Progressing. PSPC Communications is developing responsive communication lines in advance of the release of the report. | Progressing. ISED is working with Avascent on the scope of a broader study. Timelines to be confirmed. | Progressing. This was shared with DMs at the end of February 2017. Next steps and timelines of approval and release to be determined. | Progressing. A plan for consolidating the 114 Proposal Programs is due to DMGC on March 10, 2017 | Progressing. Risk Management framework and DG-level risk management board endorsed at |
| Action Items | | Develop a Government of Canada communications approach in advance of the release of the PWC Report. | 5. Leverage the Defence Analytics Institute (Avascent) to develop an educational and contextual report on the broader economic considerations of the NSS drawing on existing cost and premium analyses (including PWC report) and ongoing work from ISED on the application of the ITB policy. | 6. NSS Annual Report to Parliament: Distribute updated report to Ministers for approval and simultaneously to DMGC members for information recognizing the potential need to table the report to Parliament before releasing to the public. | Canada to investigate options for consolidating the 114 program proposals identified by VSY. | 2. Inclusion of granular detail in an updated Risks/Opportunities Register that directly ties to VSY's Integrated Program Schedule and addresses actions being taken by Canada and VSY to mitigate |
| Agenda Item | s.69(1)(g) re: (a) | Shipbuilding Costs and Premiums in Canada | | Roundtable and Closing Remarks | Vancouver Shipyard presentation | |
| Committee | | | | | DMGC January 17, 2017 (Shipyard | |

Defence Procurement Strategy

Stratégie d'approvisionnement en matière de défense

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| Status | | 0 | | 0 | |
| Ido | | Combat Executive Governance Committee | PSPC ADM (AB) with support from DPSS | PSPC (AB) and PSPC Communications; supported by DND, CCG, and ISED [NSS portion has been subsumed into TBS work] | |
| Notes | the January 30, 2017 ADMC. First set of risks, associated mitigation and action plan to be discussed at ADMC in April and subsequently at DMGC in May 2017. | Progressing. To be discussed by Governance in Summer 2017. | Progressing. First set of risk and associated mitigation and action plan to be discussed at ADMC in April and subsequently at DMGC in May 2017. | Progressing PSPC Acquisitions Branch was asked to lead the coordination of this effort and report back to DMGC in the New Year. This action item is in part being addressed by TBS' work on the NSS Costing Pilot and an NSS communications approach. | |
| Action Items | risks, for DM oversight. | 3. Setting a firm CSC Production Date: DMs to begin a discussion on whether a firm production date could be established for CSC recognizing Canada's experience on AOPS Discussion from the current tentative schedule before the next semi-annual meeting with ISI. | Unpack the risks, specifically the production gap, and add timelines, mitigation options and accountabilities. | All departments, agencies and their respective Communications teams will work collaboratively on developing a communications strategy and protocols to communicate cost increases on major defence and CCG procurements to the public. | s.59(1)(g) re: (a) |
| Agenda Item | | ISI presentation | Program Level Summaries (combat and non- combat) of Issues & Risks: | DPS Project Status Reports | |
| Committee | | | DMGC December 13, 2016 | | |

Defence Procurement Strategy

Stratégie d'approvisionnement en matière de défense

| implications/consequences of items in the schedule. |
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| DMGC to keep Global Affairs updated on contact with foreign governments. INAC to provide update on indigenous procurement at a later date. |

s.21(1)(a) s.21(1)(b) s.23

Defence Procurement Strategy

Stratégie d'approvisionnement en matière de défense

| Status | | 0 | | | | | |
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| OPI | | PSPC/NSS-PMO | | - | | | |
| Notes | they were fully established. | Progressing | Risk Management framework and DG- level risk management board endorsed at | ADMC on January 30, 2017. First set of | risk and associated mitigation and action | plan to be discussed at ADMC in April and | subsequently at DMGC in May 2017. |
| Action Items | | 1. NSS Program Level Risk Tracker to be developed – possibly within the Executive Summary. | | | | | |
| Agenda Item | | Defence Procurement | Strategy Projects Status Report | | | | |
| Committee | | DMGC | October 14 | 2016 | | | |

Legend:

✓: Task completed.

 \bigcirc : Item expected to be completed within 3 months of the decision.

): Item expected to be completed between 3 and 6 months of the decision.

): Item expected to take more than 6 months of the Governance decision. : Item an ongoing requirement.

Defence Procurement Strategy

Stratégie d'approvisionnement en matière de défense

List of Completed Deputy Minister Governance Committee Items:

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| Completed. The feedback was collated, and the letter was signed by DM PSPC. | Completed. VSY has provided a cost of the gap and preliminary numbers of the workers affected. This was discussed at DMGC on at the February 10, 2017. | Completed. | Completed. However a subsequent decision was made at ADMC on February 17, 2017 to re-add iFCP. | Completed. | Completed. The service quad charts are now bring reported, and capture project level issues. |
| Collate feedback from member departments and develop a proposed response from DMGC Chair to ISI on the PWC Report. Draft response will be staffed through DMO/PSPC. | Analysis of OFSV/OOSV Gap: VSY to conduct and provide detailed costing of the gap based on factors of how many workers and skill sets will be affected, and when. | PWC Value for Canada Report: Core departments will have a working-level discussion on the report and prepare a consolidated response to ISI from Canada. Outcome of the working-level discussion and draft response will be briefed to core ADMs and DMs. | DPS Project Status Report for iFCP - remove from DMGC oversight. | The new Quad Chart for services was not flagged during discussion. DM endorsement is required. This will need to be revisited at the next DMGC. | The iAOR project level risk should be tracked at the program level due to interdependencies. |
| Shipbuilding Costs and Premiums in Canada | Vancouver Shipyard Presentation | ISI Presentation | DPS Project Status Reports | | |
| DMGC February 10, 2017 | DMGC January 17, 2017 (Shipyard | meeungs) | | DMGC December 13, 2016 | |

| Defence Procurement Strategy | rement | | Stratégie d'approvisionnement en matière de défense | ment |
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| | Master Schedule | DMs to take one final perusal of dates in the Master Schedule. | Completed. | > |
| | | | Approved after secretarial review ahead of | |
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| | Semi-Annual Meeting with Shipyards: | Circulate a new agenda and set of questions to deputies. | Completed. | > |
| | | | This a circulated ahead of the shipyard meetings held on January 17, 2017. | |
| | Opening Remarks and Approval of the Summaries of Discussion | DND to make revisions to the Shipbuilding Costs and Premiums in Canada deck and add a conclusion slide and a recommendation for moving forward | Completed. DND made changes and updates which were discussed at ADMC on January 27, 2017 and at DMGC on February 10, 2017. | > |
| DMGC November 15, 2016 | | DND will table the updated Shipbuilding Costs and Premiums in Canada deck for an ADMC and DMGC discussion in the near future. | Completed. DND made changes and updates which were discussed at ADMC on January 27, 2017 and at DMGC on February 10, 2017. | > |
| | Defence Procurement Strategy Projects Status Report | List must be created which outlines actions to be taken by government and the shipyards for OFSV (PSPC lead, CCG to support). | Completed. Included in the Integrated Program Schedule and Risk Register. | \ |
| | | All members need to inform their Ministers' offices on the guidance surrounding CSC engagement activities – officials are not to field any | Completed. | \ |

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

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| questions or have discussions on CSC with industry or foreign governments while the CSC design RPP process is ongoing. In advance of the med DMCG. ADMs will then the total following actions. Ye Clearly what the measures are that will be taken by the government of Canada and the shippards, and clarify what the progen is subjected and the shippards and derify what the contact was signed for OCSV in December Join is moving forward for OCSV. PSPC to lead the creation of a brief summary, with DMD to support, on the AulSS situation to explain why there is no conflict of interest issue. **A detailed agenda with very specific items must be established for the Completed. A detailed agenda with very specific items must be established for the Completed. Shippard meeting in January 2017, including but not lineatest issue. **A detailed agenda with very specific items must be established for the Completed. Shippard meeting in January 2017, including but not lineatest issue. **A detailed agenda with very specific items must be established for the Completed. Shippard meeting in January 2017, including but not lineatest issue. **Completed.** A detailed agenda with very specific items must be established for the Completed. Shippard meeting in January 2017, including a discussion on Steve Completed. Completed. Completed. Completed. Completed. Shippard and incentives. PSPC to a secretarial For Shipburidary The eversed deck will be shared by PSPC for a secretarial For Shipburidary The eversed deck will be shared by PSPC for a secretarial For Shipburidary The eversed for completed. The reversed for completed a discussion on Steve The eversed for completed. The reversed for completed in foreithers. The reversed for completed in foreithers. The reversed for completed in foreithers. The reversed foreither in foreithers. The reversed foreither in foreithers. The reversed foreither in foreithers. | Defence Procurement Strategy | ırement | | Stratégie d'approvisionnement en matière de défense | ment |
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| governments while the CSC design RFP process is ongoing. In advance of the next DMGC, ADMs will take the following actions: Carpleted. Campleted. Completed. Completed. Completed. Completed. Completed. Completed. The design and production engineering contact was signed for OOSV in December plan is moving forward for OOSV. PSPC to lead the creation of a brief summary, with DND to support, on the AJISS situation to explain why there is no conflict of interest issue. A detailed agenda with very specific items must be established for the shipyard meeting in January 2017, including but not limited to: PSPC to lead the creation of a brief summary, with DND to support, on the AJISS situation to explain why there is no conflict of interest issue. A detailed agenda with very specific items must be established for the shipyard meeting in January 2017, including but not limited to: P Discussion of risk and mitigations strategies, specific to each of the yards and the Government—ADM BAM PSPC lead. Shipyards to 'unpack' their concerns in general, but also specific to government. PSPC (supported by DND and CCG) to update deck and to realign Governmence. PSPC (supported by DND and CCG) to update deck and speaking points. The revised deck will be shared by PSPC for a secretarial review for approval. The education papers were tabled at DMGC include a discussion on Steve Brunton's paper on Incentives. The revised deck will be better and the concerns in the c | | | questions or have discussions on CSC with industry or foreign | | |
| In advance of the next DMGC, ADMs will take the following actions; Verlarify what the program issues are for OOSV. Verlarify what the program issues are for DOSV. PSPC to lead the creation of a brief summary, with DND to support, on the AJISS situation to explain why there is no conflict of interest issue. A detailed agenda with very specific items must be established for the shipyard meeting in January 2017, including but not limited to: Verlain by program meeting in January 2017, including but not limited to: Verlain by an analyzed the concerns in general, but also specific to each of the yards and the Government – ADM D&M PSPC lead. Shipyards to 'unpack' their concerns in general, but also specific to governance. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. | | | governments while the CSC design RFP process is ongoing. | The RFP for CSC is currently released. | |
| PSPC to lead the creation of a brief summary, with DND to support, on the AJISS situation to explain why there is no conflict of interest issue. A detailed agenda with very specific items must be established for the yards and the Government – ADM D&M PSPC lead. Shipyard meeting in January 2017, including but not limited to: > Discussion of risk and mitigations strategies, specific to each of the yards and the Government – ADM D&M PSPC lead. Shipyards to "unpack" their concerns in general, but also specific to governance. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and realign deck and to realign deck and rea | water in the control of the control | | | Completed. | > |
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| A detailed agenda with very specific items must be established for the shipyard meeting in January 2017, including but not limited to: > Procussion of fisk and mitigations strategies, specific to each of the yards and the Government – ADM D&M PSPC lead. Shipyards to "unpack" their concerns in general, but also specific to governance. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PThe revised deck will be shared by PSPC for a secretarial review for approval. DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. The education papers were tabled at DMGC on February 10, 2017. | | | PSPC to lead the creation of a brief summary, with DND to support, on the AJISS situation to explain why there is no conflict of interest issue. | Completed. | \ |
| A detailed agenda with very specific items must be established for the shipyard meeting in January 2017, including but not limited to: > Discussion of risk and mitigations strategies, specific to each of the yards and the Government – ADM D&M PSPC lead. Shipyards to "unpack" their concerns in general, but also specific to governance. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. > The revised deck will be shared by PSPC for a secretarial review for approval. DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. The education papers were tabled at DMGC on Pebruary 10, 2017. | · | s.20(1)(c) s.21(1)(b) | | | |
| A detailed agenda with very specific items must be established for the shipyard meeting in January 2017, including but not limited to: > Discussion of risk and mitigations strategies, specific to each of the yards and the Government – ADM D&M PSPC lead. Shipyards to "unpack" their concerns in general, but also specific to governance. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. PThe revised deck will be shared by PSPC for a secretarial review for approval. DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. The education papers were tabled at DMGC on February 10, 2017. | | | | | |
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| povernance. PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. The review for approval. DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. The education papers were tabled at DMGC on February 10, 2017. | | | the yards and the Government – ADM PSPC lead. | | |
| PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. The revised deck will be shared by PSPC for a secretarial review for approval. DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. The education papers were tabled at DMGC on February 10, 2017. | * | | governance. | | |
| s.69(1)(g) re: (a) DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. | | Contracting Tools and Incentives for Shiobuilding | PSPC (supported by DND and CCG) to update deck and to realign deck and speaking points. | Completed. | > |
| DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. | | | The revised deck will be shared by PSPC for a secretarial review for approval. | | |
| | | s.69(1)(g) re: (a) | | | |
| | | | DPSS to action that the next DMGC include a discussion on Steve Brunton's paper on Incentives. | Completed. | \ |
| | | | | The education papers were tabled at DMGC on February 10, 2017. | |

| Defence Procurement Strategy | rement | | Stratégie d'approvisionnement en matière de défense | nent ense |
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| | Roundtable and Closing Remarks | PSPC to provide guidance to Global Affairs, and others, on industry and | Completed. | |
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| | NSS Annual Report to Parliament | PSPC informed members that DPSS will follow up with the respective DM offices on how the outstanding agenda items will be considered. | Completed. | \ |
| DMGC October 14, 2016 | | | | > |
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| DMGC September 9, | FWSAR aircraft replacement project | | Completed. The contract for FWSAR was awarded to | > |
| | | s.21(1)(b) | | |

s.21(1)(b) s.69(1)(g) re: (a) s.69(1)(g) re: (c)

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| | Build in Canada Cost benefit analysis Statement of Work | | | |
| | Opening Remarks and Approval of the Summaries of Discussion | PSPC to confirm the status of Minister Foote's letter at the DMGC September 9, 2016. | Completed. | |
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| | | | | |
| DMGC August 26, 2016 | Roundtable and Closing Remarks | DPS Secretariat to issue a task to the Shipbuilding Advisor for the first 4 education papers | Completed. | |
| | | A follow up meeting regarding the Rules of Engagement (RoE) is required. | Completed. | |
| | | | This item pertains to the Shipbuilding Advisor. | |
| | Defence Procurement Strategy Projects Status Report | ADMs to look at how to present analysis on project and program risks in future briefings as well as a briefing on how schedules are set. | Completed | |
| | | Follow up briefing is required on the role of Canada and ISI in the selection of the total ship design reference points. | Completed. | |
| | | | Overtaken by events. | |
| DMGC | CCG's SPAR Earned Value Management Report Analysis and | The CCG will report back on VSY progress at ADMC in 3 months (October). | Completed | |

s.21(1)(a) s.21(1)(b)

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

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| July 29, 2016 | Recommendation on Next steps | | | |
| | CCG – Fleet Recapitalization | CCG to come to DPS Governance (Summer 2016) to explain how it will implement a regime to perform requirements reconciliation on its | Completed. | > |
| Special DMGC February 5, 2016 | | upcoming projects. | Linked to CCG's current RFI for Interim measures for program delivery gaps. DMGC was briefed on RFI to close interim capability gaps on July 15, 2016. | |
| Special DMGC January 14, 2016 | Hitachi Report – Discussion of Key Findings and Recommendations | As part of the efforts to address the "mechanical" issues, DPSS will work with the Marine Sector to include program-level discussion into DPS governance meetings. | Completed | > |
| DM Workshop July 2, 2015 | NSS | Identify benchmarks to evaluate cost and competitiveness for Completed shipbuilding. (e.g. premiums, Canada vs. other countries) | Completed | \ |

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Approved by Andy Smith

Docket #: 2019-009-00082 Security Classification: SECRET

s.69(1)(g) re: (a) s.69(1)(g) re: (c)

SCENARIO NOTE FOR THE DEPUTY MINISTER

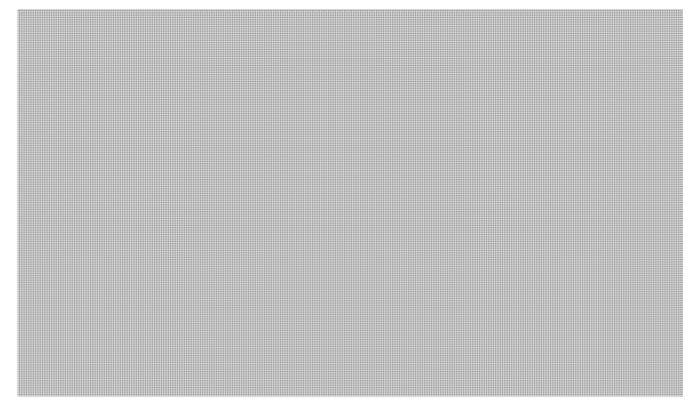
MEETING WITH THE DEPUTY MINISTER GOVERNANCE COMMITTEE (NATIONAL SHIPBUILDING STRATEGY FOCUS) – FEBRUARY 22, 2019

Date and Location of Meeting

Phase III, on Friday, February 22, 2019, at 8:00 A.M.

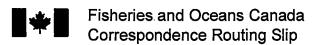
The meeting will take place in the Michael Nurse Boardroom, 17 A1 (Tower A), Place du Portage

The meeting will begin with a short (approximately 20 minute) briefing on the Department of National Defence fighter jet project.



Pages 263 to / à 264 are withheld pursuant to sections sont retenues en vertu des articles

69(1)(g) re: (a), 69(1)(g) re: (c)



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| | | SECRET GCCMS #: 2019-009-00082 |
|----------|--|--|
| To: | Timothy Sargent | Date: |
| Object: | | ERNANCE COMMITTEE MEETING (NATIONAL GY FOCUS) – FEBRUARY 22, 2019 |
| From: | Robert Wight, Director Ger | eral, Major Projects |
| Via: | Andy Smith, Deputy Comm | issioner, Strategy and Shipbuilding |
| Addition | nal approvals: Jeffery Hutchinson, Commis | ssioner, Canadian Coast Guard |
| | Material for the Minister | Your Signature X Information |
| Remark | s: Meeting documents are | e expected to be distributed prior to the meeting. |
| Drafting | Officer: LES | LIE CHEESEMAN (343-998-1615)/ D. BRETON / I |

Pages 266 to / à 268 are withheld pursuant to section sont retenues en vertu de l'article

69(1)(a)